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# THE DEPARTMENT OF STATE BULLETIN

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## OFLC Is Hydra-Headed Financial "Alphabet" of the State Department

WHAT IS THIS comparatively new State Department "alphabet" known as "OFLC" which Acting Secretary Acheson recently reported to Congress has accomplished "an outstanding achievement" by completing almost half its job through the disposal of \$3,500,000,000 of overseas war surplus for a net return of \$1,000,000,000?

Officially, it is the Office of the Foreign Liquidation Commissioner, the liquidator of overseas property excess to the needs of our armed forces.

Actually, it is far more than that, for its task also involves world relief and rehabilitation, as well as business, economic, and diplomatic problems. Serving as one of the blood banks for a bleeding world has been a major function of OFLC, as provided by Congress in the Surplus Property Act of 1944.

How well its mission is accomplished may have as profound an effect on the future relations of the United States with the remainder of the world as any major diplomatic decision of the State Department. That is one of the chief reasons why the agency under Thomas B. McCabe was transferred by Executive order last October<sup>1</sup> from the Army to the Department of State.

An example of its operations in more than 80 foreign countries and on 30 Pacific-island groups was the sale of 2,000,000 cases of emergency Army rations to the U.S. Commercial Company in the Philippines for \$12,500,000. The former Foreign Economic Administration agency then retailed the foodstuffs at cost to the hungry Filipinos. By this sale, OFLC "liquidated" a lot of surplus and also headed off a possible famine in the Philippines.

Mr. Acheson stated in his report that "the results obtained by the Foreign Liquidation Commissioner and his staff represent a real return for American taxpayers, as well as furnishing a substantial contribution to the rehabilitation of a war-torn world."

But, in view of the fact that OFLC's global stocks run into some 2,000,000 all-different items which were needed to win the war, no one sale can be labeled as representative of its operations.

A recent \$3,000,000 sale to UNRRA in China consisted of telecommunications equipment, medical supplies, bridges, pilings, tractors, trucks and jeeps, blankets, auto spare parts, tires and tubes, and food. Another \$3,000,000 sale to the Hong-kong government for the rehabilitation of that crown colony comprised dry rations, trucks, and jeeps.

OFLC sales in the year and a half of its existence have ranged from a few dollars of tobacco seraps bought by an individual in Cairo to its biggest sale to date—\$1,400,000,000 in surplus located in France—sold to the French Government for \$300,000,000 on credit.

OFLC has sold paper bags to the Red Cross at Casablanca, bicycles to missionaries—and American consuls—on the Gold Coast, rock candy to a firm in India, small vessels to the Chinese, airplanes to Indian maharajahs, household goods to King Farouk of Egypt, mules to UNRRA, jeeps to New Caledonians, quonset huts and 2,000,000 multi-vitamin tablets to Dutch New Guinea, complete fixtures of an airfield to Cuba, 37 tons of newsprint to an American magazine published in Paris, medical supplies to the Royal Afghan Government, 10 Army hospitals to UNRRA in China, a sawmill to a Filipino lumber company, popcorn and doughnut mix to a Cairene, an electric organ to the Bishop of Lahore, 800 cans of peanuts to an officers' mess in Manila, washboards and shoe laces to an individual in India, motorcycles in the Canal Zone, radios to the Seventh Day Adventists in Cairo, bolts, nuts, and screws to Messrs. Anton,

<sup>1</sup> Executive Order 9630. See BULLETIN of Sept. 30, 1945, p. 491; also for departmental order see BULLETIN of Oct. 28, 1945, p. 703.

Antalla, Abdullah, Judah, Kehalof, and Saddri Khalaf in Jerusalem, and—three buck sheep to Hassan Moh Kalifa in Cairo for \$37.50.

In most demand and sold in greatest quantities in all parts of the world have been "food, clothing, and shelter", construction and transportation equipment, and medical supplies. Under these broad categories are an incredible number of items which it took to win the war and which are now being used to help win the peace.

Construction equipment includes such things as bolts, nuts, screws, jacks, grinders, lathes, saw-mills, sheet steel, power plants, cranes, building materials, prefabricated wood bridges, Bailey bridges, petroleum laboratories, machine tools, and even entire pipelines.

Transportation equipment also runs the gamut: all types of vehicles, entire railroads, thousands of box cars, Skymasters and Skytrains and Piper Cubs, airplane spare parts, hangar equipment, landing craft, barges, and countless thousands of used tires and tubes.

Medical supplies, of course, have been in vigorous demand. UNRRA in Europe bought dozens of hospitals and their entire facilities and rushed them to all the stricken areas. Everything from sutures to X-ray machines to drugs with 50-cent names has been grabbed up by the relief organizations and the governments of all the war-torn world.

Food, clothing, and shelter have included rations, canned meats, fresh butter, popcorn, used Army uniforms, nurses' uniforms, kitchen equipment, steel huts, and quonset huts by the thousands—and perhaps the most unusual sale of all, \$5,000,000 worth of chemical-warfare protective clothing, sold to the French Government, to be dechemicalized and used in the manufacture of civilian clothing.

An example of how the OFLC tries to overlook no bets to return an honest dollar to the Treasury was the sale of a wrecked C-46 in the jungles of Colombia to the Government of that country for \$5,000.

OFLC does not, however, sell any munitions or warplanes, unless ordered to do so by the State, War, and Navy Departments acting together. Small amounts of guns and ammunition and planes have been sold under this carefully controlled program.

Other types of surplus handed to OFLC by the Army and Navy are not in much demand, and

these "white elephants" present problems in the ingenuity, such as the 45,000 pounds of pigeons feed dumped on the OFLC at Paris by the Army when it demobilized its pigeon corps after V-E Day; or the shipload of dynamite declared surplus on the high seas; or the thousands of pounds of face camouflage used for night fighting.

Major examples of ingenious sales have been the disposal of pontoon barges to an oil company in Iran to be converted into a housing project, and a cola syrup sold to the Norwegians to be used in camouflaging bad-tasting medicines for sickly children—not to mention the purchase of bleachers by natives of New Guinea who reputedly used them to blondine their hair.

Most of these, however, are only small white elephants. Larger ones approaching real mastodon size are plane scrap and scrapped enemy matériel and other items, built solely for war, with absolutely no peacetime use or market.

A classic example of this and, incidentally, of the stupendous waste of war was the famed Stilwell Road. It was declared surplus to OFLC by the Army last fall after helping win the war in Asia at a cost of some \$150,000,000 in construction of the road alone. After looking hopelessly around for potential markets, OFLC was forced to abandon it to the jungles from whence it was hewn. It had no peacetime utility, it was in three sovereign countries no one of which wanted the other to control any part of it, its main assets were isolated Bailey bridges, and monsoons made much of it unusable by commercial vehicles—not to mention the casual fact that it took something like 25,000 laborers and soldiers to keep it in somewhat usable condition and protect it from marauders.

The complexities of the Stilwell Road are found in a majority of disposals which must be made by OFLC. As the July report to Congress aptly put it: "Political, economic, climatic, and geographic conditions are so diversified that each area, country and depot presents special problems."

A sizable sale to a small Near East nation was in the bogged-down stage for months because of the government's instability. Every time the field commissioner cabled Washington about the negotiations he concluded with:

"But the cabinet is about to fall."

Finally there came to Washington a cable from him that began:

ems in "The cabinet finally fell today, so . . ." pigeons. Some countries who had their own war surplus liquidate placed restrictions on the disposal of V-E-American war surplus within their boundaries, and that presented special problems.

Perhaps the greatest problem of all was discovering what to accept for the billions of dollars of American surplus in a war-razed world stripped of almost all of its dollar reserves.

What finally evolved, as pointed out in the report to Congress, was the extension to foreign governments of credit terms so that they could purchase the surplus; and in return the United States received, in addition to the cash paid and

the credits due, many tangible and intangible benefits such as aviation agreements, cancellation of claims against the United States by foreign governments and their nationals, creation of scholarships and other cultural exchanges, and an estimable amount of international good-will.

The report to Congress pointed out that the bulk sale of surplus goods on credit has resulted in substantial savings in manpower and money. In war it was found that even an aggressive and effective piecemeal sales program yielded discouragingly slow results in reducing the costs of care and custody, while, at the same time, deterioration forced pilferage continued to take their toll. One of OFLC's major Pacific enemies is the vicious teredo that "water termite" that eats out the foundations of wharves and island warehouses.

These "clean out" sales resulted in rapid and substantial savings because the slow-moving and non-salable property went with the good, and complete depots and installations were turned over with a minimum of detailed accounting. This method, too, facilitated the return home and release from the service of overseas veterans.

However, balking a more wide-spread use of the bulk sale system is the problem of dollar scarcities, which prevent most Allied nations from making substantial commitments of their dollar assets or potential credit until the nature of the settlement of outstanding war accounts is negotiated.

The report to Congress explained that "it is both appropriate and convenient to include in the negotiations for the settlement of the war account with each allied country the financial arrangement for the sale of surplus property located in that country". It added that "if this can be accomplished through the inclusion of a bulk sale as part of the settlement agreement, not only much time and

money can be saved, but the benefits received in terms of international good-will are almost incalculable."

Mr. McCabe, during an inspection of European surplus last summer, was told by the Finns that large sales of surplus to them had actually broken the Finnish black market!

Swelling the last quarter's realization from surplus disposals were the bulk sales to France and India. The total original cost of the property sold under these two agreements was more than \$1,850,000,000, with a realization of approximately \$365,000,000. Other countries which have already made bulk purchases are: United Kingdom, Australia, Egypt, New Zealand, and Brazil.

The Netherlands East Indies was the most recent country to receive a credit "ceiling" to enable it to purchase surplus property, the "ceiling" being set at \$100,000,000. Maximum credits have been extended to other countries as follows: France, \$300,000,000; Italy, \$140,000,000; United Kingdom, \$60,000,000; Poland, \$50,000,000; Czechoslovakia, \$50,000,000; Philippines, \$20,000,000; Netherlands, \$20,000,000; China, \$15,000,000; Finland, \$15,000,000; Greece, \$10,000,000; Turkey, \$10,000,000; Ethiopia, \$10,000,000; Austria, \$10,000,000; Hungary, \$10,000,000; Lebanon, \$5,000,000; Iran, \$2,820,000; Saudi Arabia, \$2,000,000; and Uruguay, \$666,666.

OFLC is now approaching the midway point in its operations. The report estimated that the over-all total of property already declared and still to be declared surplus will amount to about \$9,500,000,000, of which somewhere between \$7,000,000,000 and \$8,000,000,000 will be salable.

The report further stated: "Disposals completed, plus those now being negotiated, will account for about two-thirds of the salable portion. Of the remainder, much is still to be declared, and a large part has not yet become excess to the needs of American occupation forces and the supply lines which serve them."

Matériel remaining to be disposed includes all kinds of "odd lots", in practically all the former theaters of war, and the United States eventually will be faced with the problem of donating, abandoning, or destroying residue property having a substantial original cost. To the present, property that has been abandoned represented an original cost of \$390,000,000, mostly fixed installations of high original cost and little or no civilian utility, such as the Stilwell Road. But, despite ra-

mors to the contrary, no wanton destruction or abandonment has been found by any investigating groups.

One rumor of the wholesale destruction of jeeps in the Pacific grew out of the mere fact that a soldier accidentally drove a jeep off a wharf into the water!

The report disclosed that through June 1946 cumulative sales have liquidated surplus property which cost \$3,612,000,000 when new for a realization of \$1,009,000,000, to be secured either in dollars, for local currencies of foreign governments, for the exchange of buildings, or on credit terms extended to foreign governments.

Sales for the quarter on an individual basis continued their upward trend. Original cost of the property included in these sales was more than \$400,000,000, sold at prices which resulted in realization of \$120,000,000. Increased sales were reported to the following: U.S. servicemen and veterans, foreign nationals, charitable agencies, and sales of specific items at catalogue prices to foreign governments.

Total disposals to date were as follows:

Foreign governments:	78 percent
UNRRA	12 percent
Foreign nationals	5 percent
U.S. Government (agencies, veterans, and service personnel)	3 percent
All others (including charitable organizations)	2 percent

Field commissioners of the OFLC in all parts of the world have been instructed to make sales on a priority system, granted "at the discretion of each Field Commissioner" except for the first priority, which is extended to the agencies of the Federal Government. In practice, however, most vitally needed items are handled by allocation rather than priority. In the case of supplies suitable for relief, suggested percentage allocations by class of commodity have been developed in consultation with representatives of the Department of Commerce and have been forwarded to field commissioners to be used as a guide. Recommendations with regard to allocations are also received from the Emergency Economic Committee for Europe.

All sales of railroad rolling stock, one of the most critical items, as well as some small vessels, are made on the basis of allocations recommended

by the European Central Inland Transport Organization. Examples of successful allocations to relieve famine and suffering were the recent ear-marking of all surplus refrigerator cars in Europe suitable for transportation of fish and the sales of specially selected items to Siam to encourage the maximum production and movement of its rice crop to famine areas.

The exchange of surplus property for buildings to house U.S. Government agencies abroad is another method used by OFLC to promote its world-wide disposal program. Three Manila buildings to house U.S. Foreign Service personnel already have been exchanged for nearly \$1,000,000 worth of surplus, and the Foreign Buildings Operations Division has tabulated a list of 66 countries in which \$150,000,000 in buildings will be required for carrying out its current program and which may be obtained through the exchange of surplus property. Greatest expenditures will be made in the United Kingdom, the Union of Soviet Socialist Republics, France and its colonies, China, Italy, Egypt, India, and Canada.

In all theaters where surplus is piled up, field commissioners are ever on the alert to "make it easy" for prospective purchasers to inspect and buy goods. To step up movement of surplus stacked in 29 depots in Germany, OFLC is organizing an office in the U.S. occupation zone which in liaison with Army authorities will arrange travel and accommodation facilities for surplus purchasers. The office will also work out plans for transportation of surplus from depots to ports and border transfer points for shipment to final destinations.

All surplus in the United Kingdom and France, except some aircraft and vessels, now has been sold or committed. The actual physical transfer of stocks in the United Kingdom to British custody is 98 percent complete, and plans for the transfer to France are now being worked out by French Government officials, the U.S. Army, and OFLC. A majority of surplus in the following countries has also been disposed of by either bulk sale or other means: Iran, Egypt, India, Burma, Ceylon, Australia, New Zealand, and Brazil.

That, then, is the record to date of the Office of the Foreign Liquidation Commissioner, which sprang into life as the Office of the Army-Navy Liquidation Commissioner in February 1945. Es-

(Continued on page 268)

# Report on Foreign Surplus Disposal

## ACTING SECRETARY ACHESON'S LETTER TO THE CONGRESS<sup>1</sup>

The Honorable the President of the Senate  
The Honorable the Speaker of the House of  
Representatives

SIRS: In accordance with section 24 of the Surplus Property Act of 1944, there is transmitted herewith the second report of the Department of State on the disposal of United States surplus property in foreign areas. Incorporated therein is the report required from the Foreign Liquidation Commissioner by Section 202 of the Philippine Rehabilitation Act of 1946 concerning the administration of Title II of that act.

By June 30, 1946, the report shows, surplus property having an original cost to the United States of approximately \$3,465,000,000 had been sold for a realization slightly in excess of \$911,000,000. This, plus direct transfers to UNRRA amounting to \$98,000,000, brings the total return from foreign surplus to more than a billion dollars. Approximately 25 percent is in cash dollars, 9 percent in local currencies and the remainder in credits under agreements which stipulate that the purchasers will pay in United States dollars or in approved local currency, with interest, as well as grant to the United States trade concessions and aviation rights, cancel claims against the United States and arrange for cultural exchanges.

The sale of \$3,465,000,000 represents approximately three-fifths of the amount of saleable surplus declared to the Foreign Liquidation Commissioner up to now, and, according to the best available estimates, is about one-half of the grand total of saleable overseas surplus expected to be available for disposal.

In his letter of transmittal accompanying the first report of the Department of State on foreign surplus disposal, the Secretary pointed out that prompt decisive action was essential. It is gratifying that we are able to show in this report so much progress toward the complete liquidation of our foreign surpluses.

The report shows that more than twice as much

property was sold during the last three months as in the entire period from the beginning of disposal operations through March 31. By the end of June the Foreign Liquidation Commissioner had sold surplus property in an amount equal to total declarations only three months earlier. This remarkable progress has been made through extensive individual sales efforts as well as the negotiation of bulk sales to countries where large quantities of surpluses are located. The advantages of bulk sales are discussed at some length in this report. The various programs of disposal continue to be pursued aggressively. The next quarter should see the liquidation of another large portion of the total overseas surplus and within the present fiscal year we should be able to dispose of most of the surplus available for disposition.

This accomplishment and the future prospects are especially noteworthy when one realizes the difficulties surrounding the disposal of surplus overseas. Property has been declared surplus in every theater of war, in more than 80 countries and on 30 island groups. Political, economic, climatic and geographic conditions are so diversified that each area presents special and almost insurmountable problems. The rapid disposal of property which was often battle-worn, badly deteriorated and nearly inaccessible, under arrangements which call for the return of more than a billion dollars to the United States Treasury, is an outstanding achievement. The results obtained by the Foreign Liquidation Commissioner and his staff represent a real return for American taxpayers, as well as furnishing a substantial contribution to the rehabilitation of a war-torn world.

DEAN ACHESON

DEPARTMENT OF STATE

Washington, D. C.

July 30, 1946

<sup>1</sup> Reprinted from *Report to Congress on Foreign Surplus Disposal*, July 1946, p. 5 (Department of State publication 2571).

# UNRRA: Fifth Council Session at Geneva

*Article by FRED L. PREU<sup>1</sup>*

THE REPRESENTATIVES of 48 governments have been attending the Fifth Session of the Council of the United Nations Relief and Rehabilitation Administration at Geneva since August 5.

One of the most important items on the agenda of this session of the Council is the consideration of the future of this international organization, which has attempted to meet the basic needs of millions of people whose countries were devastated in World War II.

The United Nations Relief and Rehabilitation Administration was organized at a time when the war was taking its greatest toll not only of life but also of the means of life. The First Council Session, at which UNRRA was organized by 44 United Nations, was held at Atlantic City in November 1943. In his message to this First Council President Roosevelt conveyed to the assembled representatives a picture of the misery and suffering rampant in occupied territories.

A glimmer of hope at that time was contained in the fact that French North Africa had been liberated and that the campaigns in Sicily and Italy were well under way. For a year the United Nations had been giving assistance to French North Africa in the form of seeds, agricultural supplies, and agricultural equipment. President Roosevelt could point out that this effort had already produced results because this area was able to meet "important needs of the Allied Armed Forces in French North Africa, in Sicily and Italy".

Thus, in November 1943 UNRRA was organized by 44 United Nations, who had a vision of the victory to come and a sober realization that when victory came it would be tempered by the result of a ruthless campaign by the enemy to strip the land and to pillage and scorch the earth.

<sup>1</sup> Mr. Preu is Assistant to the Adviser on Relief and Rehabilitation in the Office of the Assistant Secretary of State for Economic Affairs, Department of State.

It is obvious that, under the conditions of war prevailing from November 1943 until Germany was defeated in May and Japan in August of 1945, the scope of UNRRA was limited. UNRRA, for example, could not secure its full requirement of supplies for even the areas liberated because of the all-out effort for victory which meant that the armed forces took precedence over all other requirements.

The value of shipments which UNRRA was able to deliver to liberated areas as of June 30, 1943 amounted to approximately \$130,000,000.

The abrupt end of the war did not immediately free supplies for UNRRA. It was not before the fourth quarter in 1945 that shipments could be made in tonnages that would begin to meet the needs, but from October 1945 shipments averaged more than 500,000 tons a month, and in the first quarter of 1946 tonnages jumped to approximately three times this volume.

As of June 30, 1946, shipments by UNRRA amounted to approximately 12,800,000 tons, with an approximate value of \$2,000,000,000 landed cost.

The first few sessions of the Council of UNRRA were concerned with establishing a sound organization, with the principles which would govern contributions to the organization by the governments participating, with formulae for distribution of supplies among the receiving governments, and with all the other problems which arose from this international plan to bring relief and rehabilitation to countries whose means of subsistence had been uprooted and destroyed.

It was determined that contributions to UNRRA should be made by non-invaded countries on the basis of one percent of the national income for the 12-month period closest to that ending June 30, 1943. Under this rule approximately 32 governments made contributions. In

addition, it was decided that invaded countries wherever possible would contribute toward administrative expenses to the extent possible, and under this rule 16 invaded countries have made contributions largely for the payment of UNRRA and local personnel working within a country for the distribution of supplies received.

The member nations established a series of committees to advise the Administration on the conduct of its varied operations.

The Council of 48 nations was established to meet twice a year to establish broad principles which are involved in approximately 90 resolutions which supplement the original agreement. The Central Committee, consisting of representatives of nine member nations, is the body which meets to decide policies between sessions of the Council with the proviso that decisions made by the Central Committee may be reviewed by the Council. Standing committees were established on supplies, health and welfare, displaced persons, and finance and budget. Subcommittees have been established for the consideration of country programs, agricultural rehabilitation, industrial rehabilitation, shipping, and other problems. Through the several committees the efforts of 48 governments are coordinated for the purpose of bringing relief and rehabilitation to countries which need it.

Two contributions for the work of UNRRA have been made by participating governments. The United States has made two contributions amounting to \$2,700,000,000. The United States contribution amounts to approximately 70 percent of the total amount contributed to UNRRA, which on June 30, 1946 was close to \$3,700,000,000. It is provided that at least 90 percent of the contribution of any country shall be expended in the country of origin. The United States therefore has, through established government agencies such as the Department of Agriculture and the Procurement Division of the Treasury Department, made purchases in the United States for delivery to UNRRA, and also has availed itself of military surpluses whenever such goods adapt themselves to the relief and rehabilitation of receiving countries.

The United States has not merely made a *contribution* to UNRRA but it has taken an active part in developing the policies under which UNRRA operates. At the First Session of the Council, Assistant Secretary Acheson was the

member for the United States. Beginning with the Fourth Council Session, Assistant Secretary Clayton became the United States member, replacing Mr. Acheson, who assumed new duties.

At the Fifth Council Session in Geneva, Mr. Clayton is the United States member; C. Tyler Wood is his first deputy. Mr. Wood, appointed as a special assistant by Mr. Clayton and given full authority by him to act on UNRRA affairs, assembled a small staff from members of the Department to assist him. The staff members are: Dallas Dort, Adviser on Relief and Rehabilitation; Nathan M. Becker, Assistant Adviser; and David Persinger and Fred L. Preu, assistants to the Adviser. Mr. Dort is alternate to Mr. Wood at the Fifth Council Session, and Mr. Persinger is adviser and secretary of the Delegation.

The full United States Delegation to the Fifth Council Session encompasses, as in the past, representatives from the Department and from other United States agencies who have an interest in the relief and rehabilitation program. Members of the geographic divisions of the Department are present, and a member of the Division of International Organization Affairs, three members of the Department of Agriculture, a member of the Federal Security Agency, and representatives from Assistant Secretary Hilldring's office, who cooperate with Mr. Clayton and Mr. Wood on problems of displaced persons. The Delegation also consists of a representative from the American Embassy in London, a representative from the Office of Far Eastern Affairs in the Department, one from the Bureau of the Budget, and one from the Treasury Department. Through this Delegation the United States is able to assist the Council in developing policies in all the related fields of economic relief and rehabilitation, health and welfare, the relations of UNRRA to other international organizations, the problems related to displaced persons, and the political consequences of all such policies.

One of the most important problems facing the Fifth Council Session is the future of UNRRA. On June 5 Mr. Clayton, testifying before the House Appropriations Committee in connection with the hearings for the final contribution to UNRRA, stated that—

"I would like to take this opportunity at what I expect will be the last hearing for an appropriation for UNRRA to tell you how much I am

impressed with the wisdom of those who foresaw the need for an organization of this type and the magnificent job which was done by Governor Lehman in building the organization, and by Mayor La Guardia in piloting it during the recent critical months. Certainly conditions in the liberated countries which have received assistance from UNRRA would now be appalling had they not received both the financial aid and the technical facilities which UNRRA is providing. . . . I am confident that UNRRA is prepared to complete its programs with credit to itself and satisfaction to both its receiving and contributing members."

In a later statement telegraphed from Paris, Mr. Clayton said that—

"The period of acute need immediately following the war, which made necessary the establishment of a world-wide relief organization, is now drawing to a close. Although it is still too early to determine precisely what will be the situation in the needy areas during the period following UNRRA shipments, we are hopeful that almost all of these countries will be in a position to finance their essential imports of food and other relief supplies and to set up their own administrative machinery for handling their imports.

"I accept it as axiomatic that the world will not permit the people of any nation to starve as long as there is food enough to go around."

It is probable that some of the 48 nations which are meeting in Geneva also feel that UNRRA should be extended because it is an operating and working organization. It is incontrovertible that some of the receiving countries will be in need of further free relief. It is also a fact that many more of the receiving countries will be in a position to finance their own relief operations.

A factor which affects this problem is the rate at which UNRRA has been able to deliver supplies to receiving countries. At the Fourth Council Session it was hoped that UNRRA could finish its deliveries to Europe by December 31, 1946, and to the Far East by March 31, 1947. Problems beyond the control of UNRRA have made this impossible. Domestic strikes and shortages of material have held up planned deliveries. It is conceded now that UNRRA cannot complete its programmed shipments before at least the first quarter of 1947.

The Fifth Council Session is being held in

August because it is expected that reports of the harvests in receiving countries will be available to the members. It is likely that good harvests in certain of the receiving countries will enable those countries to carry on by themselves during the year 1947. Special provision will have to be made, however, for at least two, and perhaps more, receiving countries in 1947.

Another important item on the agenda is the problem of displaced persons. The crux of this problem is the fact that it is probable that despite all efforts a hard core of several thousand people will remain unrepatriated in Europe. Solutions to this problem are being sought through the organization of the United Nations. Meetings have recently been concluded of the International Refugee Organization of the Economic and Social Council of the United Nations. Several meetings on this problem also have been held by the Inter-governmental Committee on Refugees. The decision to be made is whether other international organizations can assume this burden on January 1, 1947. This decision involves a question as to whether such organizations can establish the machinery in the time available or whether the going organization developed by UNRRA can be utilized by these more permanent international organizations.

In the field of health and welfare the same condition holds true. A decision must be made as to whether the World Health Organization can be established under the Economic and Social Council of the United Nations in such a way that it can assume these duties in 1947.

Fiorello H. La Guardia, former mayor of New York, took up the burden of directing UNRRA in March of this year, succeeding former governor Herbert H. Lehman, who as Director General in the formulative stage of UNRRA worked steadfastly through a difficult period to establish a sound operating organization.

Prior to the convening of the Fifth Council Session at Geneva, Mr. La Guardia made a tour of the receiving countries in Europe to establish the facts as to current conditions in these countries so that he might report on them to the Council. He was accompanied on this tour by a representative of the United States, a representative of the Union of Soviet Socialist Republics, and a representative of the United Kingdom. The representatives from these three governments are attend-

(Continued on page 281)

# The Paris Peace Conference

## Address by the Secretary of State<sup>1</sup>

AT LONG LAST we are assembled here to consider the first treaties of peace to be made since the military defeat of the Axis conspiracy to dominate the world by force.

It took six long years of war for free men to match and finally to master the forces arrayed to degrade and enslave them.

The Axis conspiracy started in the effort of a few men first to gain by force ascendancy over their own people and then to extend by force their tyranny, step by step, over other peoples. Their goal, and they nearly achieved it, was to bring the whole world under their evil power and influence.

Let not us, who fought on freedom's side, forget how near the shadows we came. Let not us forget that, however great the losses and the sacrifice of our respective countries may have been, there is not a nation represented here that could alone have indefinitely held out against the Axis tyranny.

We live today as free men because we had friends and helpers in every country in the world, including brave souls in countries under Axis domination who, in freedom's cause, were willing to risk the tortures of the concentration camp.

We live today as free men because the freedom we fought for was freedom not for ourselves alone but for all mankind.

After six long years of war there is nothing that the people of the world now long for so much as a return to peace.

We want our soldiers to return to their homes and their families. We want even those whose misfortune it was to be conscripted on the side of the Axis to know what peace and freedom mean.

While we must be alert to see that Nazism and Fascism do not again raise their ugly heads, we must give democracy a chance to grow where tyranny stamped it out. Democracy cannot be imposed or taught at the point of a bayonet. As terror inspires terror, so good-will can inspire good-will.

Because of our suffering during the war, we

want an effective peace which will stand guard against the recurrence of aggression, but we do not want a peace of vengeance.

We want to plant the seeds of future peace and not the seeds of future wars.

And above all we must get back to conditions of peace without undue delay. Prolonged mass occupation of other countries after they have been effectively disarmed is not the way to get peace or any way to guard peace.

That is why it has been the policy of the Government which I represent to work unremittingly for the restoration of conditions of peace throughout the world as rapidly as possible.

Of course, after six long years of exhaustive war it is difficult for each nation not to think that its own ideas of peace ought to prevail. When the enemy is vanquished, differences over the making of peace are bound to be differences among allies.

After World War I differences among the Allies were allowed to weaken and destroy their will to cooperate in the maintenance of peace. The United States unwisely decided to return to a policy of isolation rather than to cooperate and to improve a peace which fell short of its expectation. Other governments also drifted into a policy of isolation or appeasement. That must not happen again.

However difficult may be the path of international cooperation, the United States is determined not to return to a policy of isolation.

We must try to understand one another, even when we cannot agree with one another. We must never accept any disagreement as final. We must work together until we can find solutions which, while not perfect, are solutions which can be defended.

I am not unaware that there has been criticism

<sup>1</sup> Made before the Peace Conference in Paris on July 30. The Secretary of State is the U.S. representative to the Conference.

of the meetings of representatives of the larger states to prepare draft treaties in advance of this conference. At times I myself have been critical of some of our meetings and our decisions, and I have always insisted that, before the final peace terms are drawn up, the views of all the states which took an active part in the fighting must be heard and taken into account.

But peace treaties which determine boundaries and the disposition of colonies and territories cannot be made practically effective if they are not accepted by the principal Allied states.

If the principal Allied states had not attempted to harmonize their views before this Conference I hesitate to say how many months this Conference would have to go on while efforts were being made to reconcile their positions.

We must remember that in this world where national states jealously retain their sovereignty there is as yet no way of forcing states to accept and ratify peace treaties.

It is not easy for any sizable deliberative body, be it a peace conference, a parliament, or a congress, to function effectively without having the measures which it is to consider drafted in advance and drafted with a view to meeting the views of those whose support is deemed essential.

This Conference will be free not only to consider the drafts laid before them but to make such recommendations concerning the final treaties as the Conference may determine. While the Council of Foreign Ministers has suggested certain rules of procedure, the Conference is free to adopt its own rules of procedure. Because I believe governments must respect world opinion I hope the Conference will accept the recommendation of its commission that all meetings of the Conference committees will be public.

The very fact that the drafts which go before this Conference have been prepared in advance insures that all those present here will have an opportunity to express themselves on concrete peace proposals which are likely, in some form or other, to find their way into the final peace treaties.

After the last war the smaller states were free to express their views before the concrete peace proposals were formulated. But it took the Council of Four so long to come to an agreement on the important issues that the smaller states had little opportunity to review the actual decisions, once they were made by the Big Four.

The drafts submitted to this Conference are not the proposals which the United States would make if the United States were the sole arbiter of the peace. But neither are these the proposals which any other state which has collaborated in their drafting would make if it were the sole arbiter of the peace. The proposals, however, represent a very real effort on the part of the states which cooperated in their preparation to reach a common understanding which, in this imperfect world, is an indispensable condition to the establishment of peace.

I hope that the delegates will feel free to express the views of their respective states on the proposed treaties. No nation, large or small, can have too much regard for the views of others. We must be insensitive to world opinion.

A world longing for peace will not forgive us if, in striving for perfection, we fail to obtain peace.

History will judge our efforts not by what we say here, but what we accomplish here.

Since last September I have fought to bring about this Peace Conference of all the states which actually waged war with substantial military force against the European Axis.

The Council of Foreign Ministers, in the drafting of the final treaties, is pledged not only to take into account the recommendations here made, but not to reject any of them arbitrarily.

The United States will stand by its agreements in the Council. But if the Conference should by a two-thirds vote of the governments here represented make a contrary recommendation the United States will use its influence to secure the adoption of that recommendation by the Council. The United States believes that those who fought the war should make the peace.

## Meeting of Committee on Rules of Procedure

### REMARKS BY THE SECRETARY OF STATE<sup>1</sup>

Mr. President, when the Council of Foreign Ministers was first proposed, it was my thought that membership upon the committees drafting the treaties should be liberal because it was our view that this was a world war and the governments were forced to send troops not where they wished but where the staff determined they should go. Norway could send ships to aid this army or that army. It was participating indirectly in the prosecution of the war.

The view of the United States, however, was not agreed to in the Council. It was agreed there that those states signatory to the armistice should alone have the right to consider a treaty with the enemy states. The position of the United States has been that the Conference should adopt its own rules of procedure. Our position in the Council was that we would not be bound by the agreement as to procedure, having reference to the rules of the Conference. Consequently, yesterday when the representative of the Netherlands presented a motion which was in accord with the views originally held by the United States, I abstained from voting.

I wanted the Conference to determine how these commissions should be formed. They determined the matter. I believe we should stand by that determination.

I recognize the plea of the Polish representative. It appeals to one's sympathy, but this Conference cannot pass upon the contribution made by each of the governments here and determine who should belong to a commission on the basis of that contribution. We will never get anywhere if we follow that procedure. We must either go back to the motion of the representative of the Netherlands and let all participate or we must stand by the procedure as agreed to in the Council of Foreign Ministers, limiting it to those who were technically at war. For that reason I shall vote against the motion . . .<sup>2</sup>

<sup>1</sup> Made in Paris Aug. 2; released to the press Aug. 3.

<sup>2</sup> The motion referred to is the motion of the Polish Delegate that Poland be a full member of the commission on the Hungarian treaty.

# The United Nations

## Provisional Agenda for Second Part of First Session of General Assembly<sup>1</sup>

[On p. 256 will be found a series of notes explaining the corresponding numbers in this agenda]

1. Opening of the second part of the session by the President of the General Assembly.
2. Report of the Credentials Committee.
3. Election to fill any vacancies in the office of the General Assembly.
4. Adoption of the agenda.
5. Report of the Secretary-General on the rules of procedure, including changes required to give effect to decisions taken regarding terms of office of members of councils. Resolution of Feb. 13, 1946.
6. Report of the Secretary-General on the work of the organization.
7. Report of the Security Council.
8. Opening of the general debate.
9. Admission of new members to the United Nations (if recommendations are received from the Security Council).
10. Election of three non-permanent members of the Security Council.
11. Election of six members of the Economic and Social Council.
12. Report of the Secretary-General on trusteeship agreements. Resolution of Feb. 9, 1946.
13. Election, if required, of elected members of the Trusteeship Council.
14. Report of the Secretary-General on information to be transmitted by members concerning non-self-governing territories. Resolution of Feb. 9, 1946.
15. Report of the Headquarters Commission and appointment of Planning Commission of Experts. Resolution of Feb. 14, 1946.

<sup>1</sup> Included in a communication of Aug. 1 from the Acting Secretary General of U.N., Arkady Sobolev, to the American representative on the Security Council. The General Assembly will meet in New York City on Sept. 23, 1946.

16. Joint report of the Secretary-General and the Committee on Negotiations with the competent authorities of the United States regarding the arrangements required as a result of the establishment of the seat in the United States of America. Resolution of Feb. 13, 1946.

17. Election of the members of the Advisory Committee on Administrative and Budgetary Questions. Resolution of Feb. 13, 1946.

18. Supplementary reports of the Secretary-General on administrative and budgetary matters.  
(a) Budgetary and financial arrangements. Resolution of Feb. 13, 1946. (b) Organization and administration of the Secretariat. Resolution of Feb. 13, 1946. (c) Recommendations concerning the administration of the International Court of Justice. Resolution of Feb. 6, 1946. (d) Report on a system of simultaneous telephonic interpretation. Resolution of Feb. 1, 1946. (e) Adoption of an official emblem by the United Nations.

19. Report of the Contributions Committee on a scale for apportionment of expenses. Resolution of Feb. 13, 1946.

20. Report of the Committee on UNRRA and transmission by the Secretary-General of report from the Director General of UNRRA. Resolution of Feb. 1, 1946.

21. Report of the Secretary-General on action taken to implement resolution on the world shortage of cereals. Resolution of Feb. 14, 1946.

22. Report of the Economic and Social Council on the economic reconstruction of devastated areas. Resolution of Feb. 2, 1946.

23. Report of the Economic and Social Council on the question of refugees and consideration of the constitution of the International Refugee Organization. Resolution of Feb. 12, 1946.

24. Consideration and approval of agreements concluded with the specialized agencies.

25. Report of the Economic and Social Council

on the assumption of functions and powers previously exercised by the League of Nations under various international conventions on narcotic drugs. Resolution of Feb. 12, 1946.

26. Report of the Economic and Social Council and report of the Secretary-General on the transfer of other functions and activities of the League of Nations. Resolution of Feb. 12, 1946.

27. Joint report of the Secretary-General and of the Negotiating Committee on questions arising out of the transfer of certain assets of the League of Nations: (a) Transfer to the United Nations of certain assets of the League of Nations. Resolution of Feb. 12, 1946.<sup>1</sup> (b) Interim arrangements on privileges and immunities of the United Nations concluded with the Swiss Federal Council. (c) Agreement concerning the Ariana site. (d)

<sup>1</sup> For articles by Dr. Henry Reiff on the transfer of certain assets of the League of Nations, see BULLETIN of Apr. 28, 1946, p. 691, and May 5, 1946, p. 739.

<sup>2</sup> Indian proposal:

22 June 1946

DEAR MR. SECRETARY GENERAL:

I am directed by my Government to submit forthwith to you, as Secretary General of the United Nations organization, the request of my Government that the question of the treatment of Indians in the Union of South Africa be included in the provisional agenda for the second part of the first session of the General Assembly, which is to be held on 3rd September 1946.

A brief resumé of the case is given below:

"1. Indians in South Africa, mostly residing in Natal province, number about a quarter of million as against 2½ million Europeans. They are mostly descendants of labourers who proceeded to South Africa between 1860 and 1911 under the arrangement between Government of India and the then Government of Natal and of traders who migrated in wake of indentured labourers prior to 1913. Although one of the conditions of the arrangement was that labourers would be allowed to live as free men, enjoying all rights and privileges of citizenship, Indian settlers in South Africa have progressively suffered discrimination and deprivation of elementary rights ever since 1885. Amongst their disabilities are lack of parliamentary and municipal franchise, restriction of rights of ownership and occupation of property, restrictions on trading, employment in public services, and travel and lack of education facilities. Discrimination against Indians reached climax in recent enactment of Asiatic land tenure and Indian representation act, which is designated to segregate Indians into particular areas for residence and for ownership and occupation of fixed property.

"2. Government of India, being a party to arrangements which resulted in Indian emigration to South Africa, have felt continuing responsibility and have from time to time intervened on behalf of Indians with South African Governments. The latter have frequently sought

Approval of agreement concerning premises of the Peace Palace at The Hague. Resolution of Feb. 12, 1946.

28. Immunities and privileges for the judges and staff officials, etc., of the International Court of Justice.

29. Regulations to give effect to Article 102 of the Charter regarding registration of treaties. Resolution of Feb. 10, 1946.

30. Organization of International Press Conference. Resolution of Feb. 9, 1946.

31. Treatment of Indian nationals in the Union of South Africa. Item proposed by the Government of India.<sup>2</sup>

32. Application of Article 27 of the Charter dealing with the method of voting in the Security Council. (Item proposed by the Government of the Commonwealth of Australia.)<sup>3</sup>

33. Consideration and approval of the first and second annual budgets of the organization for the years 1946 and 1947, respectively.

34. Installation of the Assistant Secretaries-General.

the Indian Government's comment and advice on proposals affecting Indians in South Africa. On two occasions, namely in 1926 and 1932, there were formal round table conferences between the two Governments. In the former year over the question of segregation of Indians, agreement known as Capetown Agreement was concluded between the two Governments and in 1932 joint statement was issued to the effect that Capetown Agreement was to continue and there should be continued cooperation between the two Governments. Principle of segregation was, however, again embodied in Asiatic land tenure and Indian Representation Bill, but suggestion of Indian Government for another round table conference to explore means of amicable settlement of outstanding questions was rejected by the South African Government. Passage of this bill into law constitutes unilateral repudiation of the Capetown Agreement and of joint statement of 1932.

"3. Reactions to these measures have been so serious in India that the Government of India have had to give notice of termination of trade agreement between the two countries and recall their High Commissioner for consultation.

"4. A situation has thus arisen which is likely to impair friendly relations between India and South Africa and, under Articles 10 and 14 of the Charter, is submitted for consideration of general assembly."

A detailed factual memorandum dealing with this subject is being sent to you by my Government.

I remain [etc.]

A. RAMASWAMI MUDALIAR

*Leader of the Indian Delegation to the General Assembly, and Member, Government of India*

<sup>3</sup> The following is the text of a letter from Dr. H. V. (Footnote continued on next page)

## NOTES ON GENERAL ASSEMBLY AGENDA

1. The first part of the first session of the General Assembly was held in Central Hall, Westminster, London, from 10 January to 14 February 1946. M. Paul-Henri Spaak of Belgium was elected President and will also preside at the second part of the first session in New York.

2. The Credentials Committee elected in London comprises: the Byelorussian S. S. R., China, Denmark, France, Haiti, Paraguay, the Philippines, Saudi Arabia, and Turkey. Its task is to verify the credentials of delegates.

3. The only vacancy known so far is the post of rapporteur of Committee 4 of the General Assembly, dealing with trusteeship. Dr. Ivan Kerno, who was rapporteur of this Committee, is now Assistant Secretary-General in charge of the Legal Department. Other vacancies will not become apparent until a full list of delegations is available.

4. The Secretary-General was requested by the General Assembly to examine the provisional rules of procedure in the light of the experience of the first part of the first session of the Assembly and to recommend necessary changes. When the General Assembly meets in September, the members of councils who were elected to one-year terms in January will have been in office eight months. Certain changes in the provisional rules of procedure will be necessary to provide that newly elected members are to begin their terms of office next January instead of at the time of their election.

5. The Secretary-General's report was released in printed form at 12:00 noon on August 1.

6. The report of the Security Council is in preparation, but no date for its release has as yet been set.

7. Seven applications for membership have so far been received and are being considered by the Security Council's Committee on Membership. Those received were from Albania, the Mongolian Peoples' Republic, Afghanistan,

Trans-Jordan, Ireland, Portugal, and Iceland. Siam has indicated its intention to apply for membership, but no formal application is yet at hand. New members are to be admitted by a two-thirds majority vote of the General Assembly on the recommendation of the Security Council.

8. The Security Council consists of five permanent and six non-permanent members, the latter elected for two-year terms. At the first election of January 12, 1946, however, three of the non-permanent members were elected for one year only, three for two years. The members elected for one-year terms and now due to retire are the Netherlands, Egypt, and Mexico, while Australia, Brazil, and Poland will remain on the Council for another year. The permanent members are China, France, the U. S. S. R., the United Kingdom, and the United States. Retiring members are not eligible for immediate reelection.

9. The Economic and Social Council consists of 18 members, elected for three-year terms. At the first election in London, however, six members were elected for one year only, six for two years, and six for the full three-year term. The members elected for one year and now due to retire are Colombia, Greece, Lebanon, the Ukrainian S.S.R., the United States, and Yugoslavia. Members elected for two years were Cuba, Czechoslovakia, India, Norway, the U.S.S.R., and the United Kingdom. Elected for three years were Belgium, Canada, Chile, China, France, and Peru. Unlike non-permanent members of the Security Council, retiring members of the Economic and Social Council are eligible for immediate reelection.

10. No trusteeship agreements have as yet been submitted to the United Nations but a number are likely to be presented in time for the Assembly. See section D, page 33, of the report of the Secretary-General.

11. For the setting up of the Trusteeship Council, a balance is required between administering and non-administering states. But the Charter also gives to the permanent members of the Security Council automatic membership on the Trusteeship Council. The General Assembly will therefore elect non-administering members for three-year terms only when election is necessary for the maintenance of the required balance. It follows that, if all the states which are now expected to present draft trusteeship agreements do so and thus become administering states (the United Kingdom, France, Belgium, Australia, and New Zealand), it will be necessary for the General Assembly to elect two additional non-administering states to join the ranks of China, the U.S.S.R., and the United States.

12. The Headquarters Commission is still meeting. The Planning Commission of Experts is to be established to assist the Secretary-General "in planning the most modern and efficient permanent installations for the organization". (Report of the Preparatory Commission of the United Nations, chapter X, section 3.)

13. The General Assembly agreed in London that there be appointed at the beginning of the second part of the first session a nine-member Advisory Committee on Administrative and Budgetary Questions with the following functions:

(a) To examine and report on the budget submitted by the Secretary-General;

(Continued from page 255)

Evatt, Australian Minister of External Affairs, received by Mr. Arkady A. Sobolev, Acting Secretary-General of the United Nations:

July 9, 1946

The Honorable TRYGVE LIE

*Secretary-General*

*United Nations*

SIR:

I have the honor, on behalf of the Australian Government, to request that the following item be placed on the agenda of the second part of the first session of the General Assembly of the United Nations, in conformity with Rules 10 and 12 and Supplementary Rule F of the Provisional Rules of Procedure for the General Assembly—the application of Article 27 of the Charter (dealing with the method of voting in the Security Council) in the proceedings of the Security Council during 1946, and including exercise and the purported exercise of the right of veto upon Security Council decisions conferred by Article 27 and the circumstances connected therewith.

I have [etc.]

H. V. EVATT

*Minister of State for External Affairs*

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(b) To advise the General Assembly concerning any administrative and budgetary matters referred to it;

(c) To examine on behalf of the General Assembly the administrative budgets of specialized agencies and proposals for financial arrangements with such agencies;

(d) To consider and report to the General Assembly on the auditors' reports on the accounts of the United Nations and of the specialized agencies.

18. The Secretary-General will submit to the General Assembly the first annual budget of the United Nations; scheme for children's allowances and education grants; report on the operation of the provident fund, proposals for a permanent staff retirement scheme, to become operative January 1, 1947; proposals for permanent schemes for injury compensations and compassionate benefits; etc. In addition, the Secretary-General was directed by the General Assembly in London to develop in consultation with the Registrar of the International Court of Justice a pension plan for the Judges, the Registrar, and the staff, the plan to be submitted to the second part of the first session.

The Assembly also recommended to the Secretary-General that he arrange, if possible, for the establishment of a telephonic system of interpretations for the second part of the first session. Two committee rooms in the Sperry plant have been equipped for experiment with the system of simultaneous interpretation used at the Nürnberg trials. The installation will operate in all four of the official languages of the United Nations: English, French, Russian, Chinese, and Spanish. Whether or not the system subsequently will be installed in all main council chambers and committee rooms will depend upon the decision of the General Assembly. These supplementary reports of the Secretary-General are now under preparation and will be published at a later date.

19. The General Assembly in London appointed a Committee on Contributions and requested it to submit a detailed scale for the apportionment of expenses for consideration at the second part of the first session. The Committee, consisting of experts from Australia, China, France, Iraq, Mexico, the Union of South Africa, the U.S.S.R., the United Kingdom, the United States, and Yugoslavia, is at present meeting in Washington.

20. The Committee on UNRRA was set up by the General Assembly by a resolution of February 1. Its members are Canada, China, the Dominican Republic, France, Greece, New Zealand, Norway, Poland, the U.S.S.R., the United Kingdom, and the United States of America. Its terms of reference direct it:

"a) To consult with states signatory to the UNRRA agreement which have not made or arranged to make the further contributions to UNRRA recommended in the Council resolution . . . of August 1945, and to urge upon them that they make such contributions with the least possible delay;

b) To urge upon members of the United Nations who are not signatories to the UNRRA agreement to join that organization. . . ."

This Committee should not be confused with the Joint UNRRA-United Nations Planning Commission, convened by the Secretariat and now working out plans for a smooth hand-over of UNRRA's responsibilities, facilities, and machinery to United Nations organs after the dissolution of UNRRA.

21. The General Assembly in London urged all governments to take immediate measures to insure maximum production of grain. Governments and international organizations concerned with food and agriculture were also requested to publish full information in their possession on the world food situation. The report of the Secretary-General will deal with the action taken so far.

22. The 21-member Subcommission on the Reconstruction of Devastated Areas held its first meeting in London on July 29, 1946. The United Nations Secretariat has prepared a report on European countries and is now preparing a similar report on non-European countries. Delegations to the London meeting have with them further figures and statistical data and will answer a final questionnaire submitted to them. A joint revised report on Europe should be ready at the conclusion of the London conference by the middle of September.

24. In a resolution passed on June 21, 1946, the Economic and Social Council recommended that the General Assembly approve the agreements reached between the Council and the International Labor Organization, the United Nations Educational, Scientific and Cultural Organization, and the Food and Agriculture Organization.

These agreements are subject to ratification by the General Assembly on the one hand and the general conference of the organization concerned on the other.

25, 26, 27. See chapter VI of the Secretary-General's report, pp. 38-40. Note: The Ariana site referred to in 27 (c) is a property in Geneva acquired by the League of Nations from the Swiss Government.

29. Article 102 of the Charter provides that every treaty and every international agreement entered into by any member of the United Nations shall as soon as possible be registered with the Secretariat, and that no party to any such treaty or international agreement which has not been registered may invoke that treaty or agreement before any organ of the United Nations. Consequently, the Assembly by a resolution of February 10 instructed the Secretary-General to submit to the Assembly detailed regulations for such registration.

30. In the course of its London session the General Assembly resolved, on the proposal of the Philippine Delegation, to instruct the Secretary-General "to place the question of the organization of an international press conference upon the agenda of the second part of the first session of the General Assembly".

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11. The Economic and Social Council consists of 18 members, elected for three-year terms. At the first election in London, however, six members were elected for one year only, six for two years, and six for the full three-year term. The members elected for one year and now due to retire are Colombia, Greece, Lebanon, the Ukrainian S.S.R., the United States, and Yugoslavia. Members elected for two years were Cuba, Czechoslovakia, India, Norway, the U.S.S.R., and the United Kingdom. Elected for three years were Belgium, Canada, Chile, China, France, and Peru. Unlike non-permanent members of the Security Council, retiring members of the Economic and Social Council are eligible for immediate reelection.

12. No trusteeship agreements have as yet been submitted to the United Nations but a number are likely to be presented in time for the Assembly. See section D, page 33, of the report of the Secretary-General.

13. For the setting up of the Trusteeship Council, a balance is required between administering and non-administering states. But the Charter also gives to the permanent members of the Security Council automatic membership on the Trusteeship Council. The General Assembly will therefore elect non-administering members for three-year terms only when election is necessary for the maintenance of the required balance. It follows that, if all the states which are now expected to present draft trusteeship agreements do so and thus become administering states (the United Kingdom, France, Belgium, Australia, and New Zealand), it will be necessary for the General Assembly to elect two additional non-administering states to join the ranks of China, the U.S.S.R., and the United States.

15. The Headquarters Commission is still meeting. The Planning Commission of Experts is to be established to assist the Secretary-General "in planning the most modern and efficient permanent installations for the organization". (Report of the Preparatory Commission of the United Nations, chapter X, section 3.)

17. The General Assembly agreed in London that there be appointed at the beginning of the second part of the first session a nine-member Advisory Committee on Administrative and Budgetary Questions with the following functions:

(a) To examine and report on the budget submitted by the Secretary-General;

*(Continued from page 255)*

Evatt, Australian Minister of External Affairs, received by Mr. Arkady A. Sobolev, Acting Secretary-General of the United Nations:

July 9, 1946

The Honorable TRYGVE LIE  
Secretary-General  
United Nations

SIR:

I have the honor, on behalf of the Australian Government, to request that the following item be placed on the agenda of the second part of the first session of the General Assembly of the United Nations, in conformity with Rules 10 and 12 and Supplementary Rule F of the Provisional Rules of Procedure for the General Assembly—the application of Article 27 of the Charter (dealing with the method of voting in the Security Council) in the proceedings of the Security Council during 1946, and including exercise and the purported exercise of the right of veto upon Security Council decisions conferred by Article 27 and the circumstances connected therewith.

I have [etc.]

H. V. EVATT  
Minister of State for External Affairs

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(b) To advise the General Assembly concerning any administrative and budgetary matters referred to it;  
 (c) To examine on behalf of the General Assembly the administrative budgets of specialized agencies and proposals for financial arrangements with such agencies;  
 (d) To consider and report to the General Assembly on the auditors' reports on the accounts of the United Nations and of the specialized agencies.

18. The Secretary-General will submit to the General Assembly the first annual budget of the United Nations; scheme for children's allowances and education grants; report on the operation of the provident fund, proposals for a permanent staff retirement scheme, to become operative January 1, 1947; proposals for permanent schemes for injury compensations and compassionate benefits; etc. In addition, the Secretary-General was directed by the General Assembly in London to develop in consultation with the Registrar of the International Court of Justice a pension plan for the Judges, the Registrar, and the staff, the plan to be submitted to the second part of the first session.

The Assembly also recommended to the Secretary-General that he arrange, if possible, for the establishment of a telephonic system of interpretations for the second part of the first session. Two committee rooms in the Sperry plant have been equipped for experiment with the system of simultaneous interpretation used at the Nürnberg trials. The installation will operate in all five of the official languages of the United Nations: English, French, Russian, Chinese, and Spanish. Whether or not the system subsequently will be installed in all main council chambers and committee rooms will depend upon the decision of the General Assembly. These supplementary reports of the Secretary-General are now under preparation and will be published at a later date.

19. The General Assembly in London appointed a Committee on Contributions and requested it to submit a detailed scale for the apportionment of expenses for consideration at the second part of the first session. The Committee, consisting of experts from Australia, China, France, Iraq, Mexico, the Union of South Africa, the U.S.S.R., the United Kingdom, the United States, and Yugoslavia, is at present meeting in Washington.

20. The Committee on UNRRA was set up by the General Assembly by a resolution of February 1. Its members are Canada, China, the Dominican Republic, France, Greece, New Zealand, Norway, Poland, the U.S.S.R., the United Kingdom, and the United States of America. Its terms of reference direct it:

"a) To consult with states signatory to the UNRRA agreement which have not made or arranged to make the further contributions to UNRRA recommended in the Council resolution . . . of August 1945, and to urge upon them that they make such contributions with the least possible delay;

b) To urge upon members of the United Nations who are not signatories to the UNRRA agreement to join that organization. . . ."

This Committee should not be confused with the Joint UNRRA-United Nations Planning Commission, convened by the Secretariat and now working out plans for a smooth hand-over of UNRRA's responsibilities, facilities, and machinery to United Nations organs after the dissolution of UNRRA.

21. The General Assembly in London urged all governments to take immediate measures to insure maximum production of grain. Governments and international organizations concerned with food and agriculture were also requested to publish full information in their possession on the world food situation. The report of the Secretary-General will deal with the action taken so far.

22. The 21-member Subcommission on the Reconstruction of Devastated Areas held its first meeting in London on July 29, 1946. The United Nations Secretariat has prepared a report on European countries and is now preparing a similar report on non-European countries. Delegations to the London meeting have with them further figures and statistical data and will answer a final questionnaire submitted to them. A joint revised report on Europe should be ready at the conclusion of the London conference by the middle of September.

24. In a resolution passed on June 21, 1946, the Economic and Social Council recommended that the General Assembly approve the agreements reached between the Council and the International Labor Organization, the United Nations Educational, Scientific and Cultural Organization, and the Food and Agriculture Organization.

These agreements are subject to ratification by the General Assembly on the one hand and the general conference of the organization concerned on the other.

25, 26, 27. See chapter VI of the Secretary-General's report, pp. 38-40. Note: The Ariana site referred to in 27 (c) is a property in Geneva acquired by the League of Nations from the Swiss Government.

29. Article 102 of the Charter provides that every treaty and every international agreement entered into by any member of the United Nations shall as soon as possible be registered with the Secretariat, and that no party to any such treaty or international agreement which has not been registered may invoke that treaty or agreement before any organ of the United Nations. Consequently, the Assembly by a resolution of February 10 instructed the Secretary-General to submit to the Assembly detailed regulations for such registration.

30. In the course of its London session the General Assembly resolved, on the proposal of the Philippine Delegation, to instruct the Secretary-General "to place the question of the organization of an international press conference upon the agenda of the second part of the first session of the General Assembly".

## Statistical Division of U.N. Takes Over League Activities

[Released to the press by the United Nations July 22]

As of August 1, 1946 the United Nations new Statistical Division will take over the activities, together with the main body of the staff, of the Economic, Financial, and Transit Department of the League of Nations, which was housed in Princeton during the war.

As a further step, David Owen, Assistant Secretary-General for the Department of Economic Affairs, is now in Geneva negotiating an early transfer to the United Nations of the League of Nations other statistical activities, including the publication of the *Statistical Yearbook*. Mr. Owen is also looking for additional experts to staff the new United Nations Statistical Division.

The United Nations Statistical Division was set up within the Secretariat of the Department for Economic Affairs on the recommendation of the Economic and Social Council, and its terms of reference are (1) that a single responsible staff within the Secretariat should handle the coordination and planning of all statistical activities undertaken by the various departments and divisions of the Secretariat, and (2) to continue the League of Nations statistical work until such time as those statistical activities could be evaluated in the light of the United Nations program as a whole.

At present the Division is providing a technical staff of experts in international income statistics, to assist the General Assembly's Committee on Contributions. This Committee, which is now meeting in Washington, will make recommendations on member nations' contributions to meet the expenses of the United Nations.

Highly important among immediate plans now being considered by the Statistical Division is the creation of a unit on international population statistics.

The Division will also assist, as called upon, in the preparation of international statistical conferences held under the auspices of the United Nations.

From August 1, when the Statistical Division takes over the work of the League's Princeton Department, the *Monthly Bulletin of Statistics* will be published by the United Nations. During the war this bulletin was published in Princeton and contained non-European figures on trade, produc-

tion, population, prices, etc., while a bulletin covering available European figures continued to be published in Geneva. The United Nations Statistical Division will now collect all relevant data and send them to Geneva, where they will be published pending the establishment of proper printing facilities at the Sperry gyroscope plant, where the United Nations will be temporarily housed.

Three specialized agencies have already provisionally accepted United Nations proposals for the coordination of the collection and presentation of statistical data: they are the International Labor Organization, the Food and Agriculture Organization, and the United Nations Educational, Scientific and Cultural Organization. Other agencies with which similar agreements are being sought include the International Bank for Reconstruction and Development, the International Monetary Fund, and the Provisional International Civil Aviation Organization. The proposed World Health Organization will also fall within the scope of these statistical agreements.

## Committee on Finances of the International Refugee Organization

This Committee, which was established by the Economic and Social Council of the United Nations, met in London during the period from July 5 to July 20, 1946. The Committee met for the purpose of preparing provisional administrative and operational budgets, and scales of contributions, for the first financial year of the proposed International Refugee Organization. Upon the completion of its work the Committee submitted a detailed report to the President of the Economic and Social Council and to the Secretary-General of the United Nations.

The United States Representative on this Committee was George L. Warren, Adviser on Refugees and Displaced Persons in the Department of State. He was accompanied by Samuel T. Parelman of the State Department and Alvin J. Roseman of the Bureau of the Budget, who served as advisers. Nine other nations were represented on the Committee, including the United Kingdom, the Union of Soviet Socialist Republics, Poland, China, France, Brazil, Canada, the Netherlands, and Lebanon.

# Congress Passes Resolution Authorizing U.S. Membership in UNESCO

## STATEMENT BY THE PRESIDENT

[Released to the press by the White House July 30]

I am gratified that Congress has passed the joint resolution authorizing me to accept membership for the United States in the United Nations Educational, Scientific and Cultural Organization. I attach the greatest importance to this agency.

UNESCO will summon to service in the cause of peace the forces of education, science, learning,

and the creative arts and the agencies of the film, the radio, and the printed word through which knowledge and ideas are diffused among mankind.

The Government of the United States will work with and through UNESCO to the end that the minds of all people may be freed from ignorance, prejudice, suspicion, and fear and that men may be educated for justice, liberty, and peace. If peace is to endure, education must establish the moral unity of mankind.

## STATEMENT BY ASSISTANT SECRETARY BENTON

[Released to the press July 30]

A major step in strengthening international organization for peace has been taken by the enactment of the joint resolution which authorizes the President to accept membership for the United States in the United Nations Educational, Scientific and Cultural Organization.

In addition to authorizing membership in UNESCO, the joint resolution provides for the organization of a National Commission on Educational, Scientific and Cultural Cooperation, which will advise the Government and serve as a link with national private organizations in matters relating to UNESCO. The commission will have 100 members, of whom 60 will be selected by each of 60 national organizations interested in education, science, and cultural matters and 40 will be individuals selected by the Department of State. Fifty of the organizations which will select representatives on the national commission will be named soon by the Department; the remaining 10 organizations will be chosen later by the national commission itself.

The instrument of our acceptance of membership in UNESCO will be deposited with the Government of the United Kingdom. In accordance with the constitution of UNESCO, drawn up last November in London, the Organization will come into legal existence when 20 nations have deposited acceptances. This is expected to occur during this summer. Membership has already been accepted by the following 9 countries: Australia, Dominican Republic, France, India, Mexico, New Zealand,

Saudi Arabia, the Union of South Africa, and the United Kingdom. Approval of UNESCO, awaiting only the final action of depositing the acceptance, has been reported from the following 8 countries: Brazil, China, Denmark, Egypt, Iran, Norway, Syria, and Turkey. To this list is now added the United States of America.

According to present plans, the first meeting of the general conference of UNESCO will be held in November at Paris, where the headquarters of the Organization will be established. At this conference each member country will be represented by not more than 5 delegates. The conference will approve a program of activities for UNESCO and will elect a Director General. The Director General will be responsible for the appointment of the secretariat.

The general conference will consider a report drawn up by the Preparatory Commission, which has been meeting in London at intervals since last November. The report, already approved in its main outlines at the fifth meeting of the Preparatory Commission, held in London July 5-12, is to be available in this country for study and discussion at least a month before the general conference meets.

Some of the main lines of activity contemplated for UNESCO include: recommendations on agreements which will promote the free flow of knowledge and ideas across international boundaries, through all means of mass communication; promotion of international interchange of persons active in the fields of education, science, and culture; as-

sistance to member states, on their request, in the development of educational activities; promotion of international collaboration in science, scholarship, and the arts; and promotion of education at all levels directed toward international understanding, adherence to democratic values, and the maintenance of peace. UNESCO will also be concerned with problems of educational rehabilitation in war-devastated countries. UNESCO will ascertain the needs of these countries and encourage official or private agencies to give effective assistance.

The United States has participated actively in the work of the Preparatory Commission of UNESCO. This country has been represented on the Preparatory Commission by the late Grayson N. Kefauver, Donald Stone, and Esther Brunauer. Richard Johnson and H. Harvard Arnason have served as alternates. Expert consultants on such subjects as education, the radio, films, the press, social science, physical science, arts and letters, and libraries were:

Edward W. Barrett, Editorial Director of *Newsweek*

John M. Begg, Acting Chief, Division of International Motion Pictures, Department of State

Harold Benjamin, Director, Division of International Educational Relations, U.S. Office of Education

Floyd E. Brooker, Director, Division of Visual Education, U.S. Office of Education

Verner Clapp, Director, Acquisition Department, Library of Congress

Ferdinand Kuhn, Jr., Consultant to the Department of State

Charles R. Morey, Cultural Attaché, American Embassy, Rome, Italy

W. Albert Noyes, Jr., Chairman, Department of Chemistry, University of Rochester

Robert Redfield, Dean of the Division of Social Sciences, University of Chicago

Ralph Robert Shaw, Librarian, Department of Agriculture

Donald Stone, Assistant Director, Bureau of the Budget

Helen Constance White, Professor of English, University of Wisconsin

Charles A. Thomson, Adviser, Office of International Information and Cultural Affairs, Department of State

David Gilbert Wilson, Assistant Chief, Area Division I (Europe), Department of State

American representatives have had the benefit of many suggestions made by experts whom the Department of State has consulted, or submitted by individuals and organizations.

UNESCO is a peoples' organization. It is established by governments "on behalf of their peoples . . . to develop and to increase the means of communication between their peoples and to employ these means for the purposes of mutual understanding and a truer and more perfect knowledge of each other's lives". It will succeed if the peoples of the member states use it and give it unstinting support.

## Meeting of Joint UNRRA-U.N. Planning Commission

The elimination of every possible risk that the care and maintenance of displaced persons and refugees may be prejudiced by the possibility of a time-lag between the cessation of UNRRA and the taking over of the responsibilities by a new organization was the main concern of the Joint UNRRA-United Nations Planning Commission at its first meeting at Hunter College on July 25. The Commission was convened by the Secretariat of the United Nations to consider steps in the taking over of responsibilities from UNRRA by the proposed International Refugee Organization (IRO).

The Commission, in its report to the Secretary General of the United Nations and the Director-General of UNRRA, will make suggestions on the best way of effecting a smooth transfer of UNRRA facilities and machinery either to the IRO, should the latter have come into existence when UNRRA terminates, or to an interim body.

The draft outline of a report, dealing in detail with questions of personnel, supplies, relationship with governments and voluntary agencies, operations, and organization, was adopted as a working basis for the Commission.

The draft report of the Finance Subcommittee of the IRO, which terminated its meetings in London last week, will also be considered so far as its recommendations will have an effect on the taking over of UNRRA's responsibilities by the proposed IRO.

## *International Organizations and Conferences*

### **Calendar of Meetings**

Far Eastern Commission	Washington	February 26
U.S.-Mexican Discussions on Air Services Agreement	Mexico City	June 24-July 25
International Institute of Agriculture: Meeting of the General Assembly	Rome	July 8-11
U.S.-British Cabinet Committee on Palestine and Related Problems	London	July 12-26
Peace Conference	Paris	July 29
International Union of Geodesy and Geophysics: Extraordinary General Assembly	Cambridge, England	July 29-August 2
UNRRA: Second Half of Fifth Session	Geneva	August 5
The United Nations:		
Security Council	New York	March 25
Military Staff Committee	New York	March 25
Commission on Atomic Energy	New York	June 14
Subcommission on the Reconstruction of Devastated Areas	London	July 29
General Assembly: Second Part of First Session	New York	September 23

The opening dates in the third column are current as of Aug. 4.

## *The Record of the Week*

### **Bill Authorizes Use of Proceeds From Surplus Sales for Educational Purposes**

#### **STATEMENT BY ASSISTANT SECRETARY BENTON**

[Released to the press August 1]

A step of great long-range significance for the advancement of international understanding was taken today when the President signed an act of Congress, introduced by Senator Fulbright of Arkansas, which authorizes the Department of State to use some of the proceeds from surplus-property sales abroad for exchanges of students and other educational activities.

The bill provides that up to \$20,000,000 can be earmarked for educational exchanges with any country which buys surplus property and up to \$1,000,000 can be spent each year in each country where such an agreement is made. Thus tens of millions of dollars should become available under this bill, over a period of years.

The exchange of students and scholars is, in my judgment, the surest single method, over the decades, for promoting understanding among peoples. The activities of the press, radio, and films are indispensable in the exchange of current information among countries; but the effect of current developments is often ephemeral, and news is often misunderstood for lack of background and context. The solid background acquired by those who study outside of their own countries can provide the basis for truer understanding of other peoples. The beneficent results of the Boxer Indemnity scholarships, in the relationship between the United States and China, provides one of the best examples of this.

The Department of State had already completed an agreement with Great Britain, pending congressional approval, which will provide \$20,000,000 from the sale of surplus property for educational exchanges with the United Kingdom and the British colonies. Similar agreements are now being negotiated for amounts ranging from \$3,000,000 to \$20,000,000 in the following coun-

tries, among others: Australia, New Zealand, China, the Philippines, Burma, India, Iran, Iraq, Saudi Arabia, Turkey, Egypt, Greece, Italy, Austria, France, Holland, Belgium, and the Scandinavian countries.

The Fulbright bill authorizes the following types of educational activities:

(1) American students can be given grants of foreign currencies to be used to pay the cost of higher education or research in foreign countries.

(2) American professors can be given grants to give lectures in foreign institutions of higher learning.

(3) Foreign students can be given scholarships to study at American non-denominational institutions abroad such as the American University at Beirut, Syria, and Robert College at Istanbul, Turkey.

(4) Foreign students can be given funds to pay for their transportation to the United States to attend American institutions of higher learning.

It is implicit in the bill that all of these activities must be financed with foreign currencies. The bill therefore cannot authorize expenses of foreign students within the United States. The bill is designed to utilize foreign credits in many countries in lieu of American dollars for American surplus property.

The students who will benefit by this bill will be selected by a ten-man Board of Foreign Scholarships, which the bill authorizes the President to establish. The bill provides that this Board shall include representatives of the United States Office of Education, the United States Veterans Administration, state educational institutions, and privately endowed institutions. If funds are negotiated to the limit of the bill's potential, and if

facilities abroad develop capable of handling the students, it is possible that 100,000 or more American students would be sent abroad under this bill in the next two or three decades.

Veterans of World War I and II will be given preference. The bill requires that "due consideration shall be given to applicants from all geographical areas of the United States." It is expected that some type of regional selection method will be devised to insure that all parts of the United States are suitably represented.

It is unlikely that any scholarships will be awarded under the authority of this act for the 1946-47 academic year. After the President has appointed the Scholarship Board, and the Board has determined the qualifications for awards, ample publicity and time should be permitted for all

suitably qualified people to make application. It is hoped that the grants will be made in the spring of 1947 for the school year beginning in the autumn of 1947.

While the major effect of the Fulbright bill will be to permit thousands of American students to study abroad, we should be prepared to welcome thousands of foreign students to our shores. I look forward to the day when we shall have as many as 50,000 foreign students in this country. Senator Fulbright, the author of the bill which was signed today, has seen at first hand the importance of such student exchanges as a result of his own studies abroad, and during his tenure as president of the University of Arkansas. It is due to his understanding and his leadership that this bill has been enacted by Congress.

## Soviet Reply to U.S. Note on Hungarian Economic Situation

*Text of a note<sup>1</sup> from the Soviet Vice Minister for Foreign Affairs, V. G. Dekanozov, to the American Ambassador to the Soviet Union, Lt. Gen. Walter Bedell Smith*

*July 27, 1946.*

In connection with your letter of July 22, 1946 addressed to Minister of Foreign Affairs V. M. Molotov regarding the economic situation of Hungary and the payment by Hungary of reparations to the Soviet Union,<sup>2</sup> I consider it necessary to draw your attention to the fact that the data cited in your letter and the conclusions which you draw on the basis of this data do not correspond to reality.

In your letter you maintain that the difficulties observed at present in the economic life of Hungary are allegedly the result of the fact that the bulk of the current production of Hungarian industry is being consumed by reparations and by the satisfaction of other demands, as you express it, of the occupying power. You assert, moreover, that reparations consume from 80-90 percent of the production of heavy industry, including the production of iron, metal and machines. You add, that, moreover, from the supplies of the urban population the Red Army allegedly received from Hungary during the first months of 1945 "almost

all the supplies of meat, one sixth of the wheat and rye, more than one quarter of the vegetables, almost three quarters of the supply of lard", etc., and that thus reparations paid by Hungary, on the one hand, and the above withdrawals for the supply of the Red Army on the other hand, are the cause of the grievous economic situation of Hungary. The unfoundedness of such an assertion cannot fail to strike any unprejudiced person, particularly if one takes into account the fact that the entire sum of Hungarian reparations deliveries to the Soviet Union for 1945 did not exceed \$10,000,000, that is, constitutes a quite insignificant sum. This fact alone is sufficient to demonstrate the complete lack of foundation of the assertion in your letter that the bulk of Hungarian production is being consumed by reparations.

The extent of the unfoundedness of these assertions is apparent from the fact that the Hungarian Government addressing on May 28 of this year, a request to the Soviet Government to fix a plan for reparations deliveries for 1946-53 itself fixed the amount of these deliveries for 1946 as \$21,800,000. Under these circumstances the statement to the

<sup>1</sup> Translation by the American Embassy in Moscow.

<sup>2</sup> For text of U. S. note, see BULLETIN of Aug. 4, 1946, p. 229.

effect that the reparations obligations of Hungary are excessive, "crushing" and so on is deprived of any foundation.

The Soviet Government, taking into account the economic difficulties of Hungary, already a year ago made considerable concessions to the Hungarian Government, extending the term of reparation deliveries to eight years from six years, prescribed by the armistice agreement. The Soviet Government fully satisfied also the above request of the Hungarian Government for further concessions to Hungary regarding reparations, fully accepting the plan proposed by the Hungarian Government on May 28 for further reparations deliveries to the Soviet Union. According to this plan, reparations deliveries for 1946 are fixed at a sum of \$21,800,000; for 1947 23,000,000; for 1948, 25,000,000; for 1949-53, 30,000,000 annually. At the same time the Soviet Government released Hungary from payment of a fine of 6,000,000 for non-fulfillment on time of reparations deliveries in the first year in which the reparations agreement was in force. To the above must be added, that according to the Soviet-Hungarian trade agreement, Hungary received from the Soviet Union in the past year 1945, goods to the amount of \$6,300,000, while at the same time Hungary itself delivered to the Soviet Union goods only to the amount of \$26,600. If, thus, there are taken into account goods received by Hungary from the Soviet Union to the value of 6,300,000 then, in the account, it turns out that all Hungarian deliveries for the Soviet Union do not exceed \$3,700,000.

In your letter you state that the American Government agreeing to the conditions of the armistice with Hungary did not foresee that "the productive power of Hungary and its national income would be reduced by half or even more in the course of a few months and that, for example, reparations subject to payment by Hungary in 1945 would equal 24 percent of the national income". For a statement of this sort there are no foundations of reality. The above cited data prove fully convincingly that the extent of reparations pointed out in your letter, subject to delivery by Hungary in 1945 to no extent correspond to the real scope of these deliveries, constituting an entirely insignificant amount.

This is the real state of affairs regarding taking of reparations from Hungary for the benefit of the Soviet Union.

The situation also is the same with regard to the data on the supplying the Red Army at the expense of the Hungarian economy cited in your letter, particularly the data regarding wheat, rye, oats, meats, etc. All these data are entirely incorrect. In reality the Soviet forces received not more than three percent of the total amount of these cultures of the 1945 harvest and of fats not more than eight percent by head of swine. The Hungarian Government did not make deliveries of industrial products for the Red Army, with exception of fuel and a certain amount of commissary supplies.

Citing its data, the Government of the US made use of clearly incorrect information which can only create confusion.

It is impossible not to note the quite arbitrary characterization contained in your letter of the economic *situation* of Hungary. The data at the disposal of the Soviet Government do not confirm this characterization. In reality the capacity of the industrial enterprises of Hungary curtailed as the result of the war to 60 percent of the pre-war level, had by the middle of July 1946 risen to 70-85 percent in the production of pig iron, steel, rolled metal and machine building and to 85-90 percent in light industry. If the output of industrial production in Hungary in 1945 constituted 30-35 percent of the prewar level at the present time, the output of production has been brought to 60 percent of the prewar level. Thus, despite the existing difficulties, Hungary, since the termination of the war, has increased the productive capacity of its industry by 20-25 percent and by 25-30 percent the output of industrial production. These successes have been achieved despite the fact that the Germans and the followers of Szalshai carried off to Germany a large quantity of the most valuable industrial equipment and raw materials which, like the removed Hungarian gold, fell into the hands of the American Government and to the present time has still not been returned to Hungary. Such a situation, deriving from the policy carried out by the American authorities creates extremely difficult economic conditions for Hungary and is in complete contradiction with the statements of the US Government regarding the necessity of accelerating the economic restoration of Hungary. In your letter of July 22 it is stated that the information regarding the amount of Hungarian property carried off by the

Germans and the followers of Szalshai which is already for the second year in the American zone of occupation is exaggerated. But the American Government, as you state, is still preparing lists of Hungarian property plundered and carried away to Germany and Austria and has still not determined the value of this property. The Hungarian Prime Minister Ferenc Nagy in his statement in Parliament on February 7 of the present year declared that the Hungarian Government had registered the property located in the American zone of occupation of Germany and Austria at more than 2 billion. Besides this, the Hungarian Prime Minister added that as the property which had been carried away came to light this sum would reach about 3 billion. This fully corresponds to the figure of 3 million indicated in the note of the Soviet Government of April 21, 1946.

Speaking of the economic situation of Hungary, it is impossible not to note that despite the difficulties existing in this sphere, a number of new factory shops and plants have also been restored and reequipped. It is worth noting such facts as the construction of a new plant for the production of machine tools, the new "Reniks Electric Resistance Plant", and a number of shops for the production of automobile pistons, the reconstruction of the tractor shop in the "Hoferstrans" plant, the restoration and reequipping of various shops in the "Rossman", "Kozma", and other plants. The expansion of the aluminum rolling and wares plant, large scale work on the reequipping of the "Hans" electro mechanical plant. All these facts indicate that the process of the restoration of industry is proceeding in Hungary and that the reparations obligations in Hungary are in no way hindering this process. In the same way is refuted the assertion contained in your letter that the bulk of Hungarian production of current output is allegedly being consumed by reparations and that nothing remains for the restoration of Hungarian economy and for the internal needs of Hungary. Such an assertion is refuted also by the fact that during the second half of 1945 almost 50 percent of the entire rolled metal output went to the needs of Hungarian economy.

In your letter of July 22 there is contained the entirely incorrect assertion that the Soviet authorities have allegedly removed in Hungary industrial equipment in the amount of \$124,000,000.

Such statements do not have any foundation and only elicit surprise with regard to the sources of the information which has been utilized in this connection. The Soviet forces removed from Hungary as trophy equipment certain military enterprises of a value not exceeding \$11,000,000.

With regard to the proposal of the American Government that the representatives of the Soviet Union, US and Great Britain in the Control Commission jointly work out a plan for the economic restoration of Hungary, the Soviet Government as before, considers this proposal not acceptable inasmuch as was pointed out in the letter of the Ministry of Foreign Affairs of April 21, the working of such a plan belongs exclusively to the competence of the Hungarian Government.

## Answer to Polish President's Remarks Concerning Ambassador Lane

### STATEMENT BY ACTING SECRETARY ACHESON

[Released to the press August 3]

In answer to a question regarding President Bierut's reported recent remarks concerning Ambassador Lane,<sup>1</sup> the Acting Secretary made the following statement, which he stated had the approval of the Secretary:

"I have been quite surprised by remarks which have been attributed in the press to the President of the Polish National Council, Mr. Boleslaw Bierut, in respect to Ambassador Lane. Ambassador Lane is an experienced diplomat who has represented this Government in many parts of the world. His reports from Warsaw have always indicated great sympathy for Poland and the difficulties with which it is faced. Ambassador Lane continues to enjoy the complete confidence of this Government."

<sup>1</sup> In Warsaw on July 19, President Bierut is reported to have stated that the Polish Government has difficulty "convincing Mr. Bliss Lane of our sincere wish for the most cordial relations because Mr. Bliss Lane does not believe us very much". He is reported to have said further that although Mr. Lane lives in Warsaw, he has very little understanding of the Polish people and that Mr. Lane either cannot or will not understand "our" problems.

## British Government Accepts Offer To Treat Occupation Zones in Germany as Economic Unit

[Released to the press July 29]

The Department of State has been informed that the British Government has accepted in principle the offer of Secretary Byrnes to join the United States zone of occupation in Germany with any other zones for the purpose of treating the zones so joined as an economic unit.<sup>1</sup> The Department welcomes this announcement as a first step toward easing the heavy financial burden resting on the two occupying powers and relieving the distress which has resulted from Germany's being divided into four relatively watertight economic compartments. The Department hopes that the other occupying powers will find it possible to give an equally favorable response to Secretary Byrnes' offer. In the judgment of this Government the greatest general advantage would accrue from prompt measures to achieve the economic unity of Germany as prescribed by the Potsdam Agreement.<sup>2</sup>

<sup>1</sup> For comment on the instructions sent by the Secretary of State to General McNarney, see BULLETIN of Aug. 4, 1946, p. 227.

<sup>2</sup> At his press and radio news conference on July 29, Assistant Secretary Hilldring, commenting on the announcement that Great Britain had agreed in principle to join the United States in the economic treatment of their two zones in Germany, said that it is hoped that this may result in a free flow of goods between the two zones and a single flow of goods in international trade out of the two zones. He said that it was hoped that the two could run their transportation and communication systems as a unit.

Negotiations have already been started in Berlin between Gen. Lucius D. Clay, U.S. Military Commander in Germany, and the British officials in charge, the Assistant Secretary said. He emphasized that the United States was not attempting to set any form of provisional government and that the head of the U.S. Military Government would remain in Berlin. He also pointed out that the idea of unification of zones is not a new one but that it goes back to the Potsdam Agreement. Both the French and the Soviets agreed to the general idea, differences being on when and under what circumstances it could be put into operation.

Nothing that can be done, the Assistant Secretary said, through unification either of the two zones or of more than

## The President Requests Cabinet Committee on Palestine To Return to Washington

[Released to the press by the White House July 31]

The President has been considering certain recommendations of the Alternates of the Cabinet Committee on Palestine and Related Problems and has decided in view of the complexity of the matter to request Ambassador Grady and his associates to return to Washington to discuss the whole matter with him in detail.

The President hopes that further discussions will result in decisions which will alleviate the situation of the persecuted Jews in Europe and at the same time contribute to the ultimate solution of the longer term problem of Palestine.

## Visit of Peruvian Artist

Enrique Camino Brent, Peruvian artist and artistic director of the Central Polytechnic Institute of Peru, is visiting the art schools of the United States as a guest of the Department of State. While in this country, Mr. Camino Brent has been concerned with the teaching aspects of his subject and with the production of ceramics, glass, forged iron, wood carving, and other handicraft articles.

two, can eliminate the need now for outside assistance for Germany. The sooner the nations involved get together, the greater will be the saving to their taxpayers, he said. He estimated the present cost of American occupation in Germany at about \$200,000,000 a year, mostly on account of food imports. The Assistant Secretary said that the food standards in neither the U.S. nor the British zones are up to the level of 1,550 calories a day—an amount which was set last year. He added that the U.S. zone is ahead of the British.

The union of the two zones would permit mutually helpful exchange of food, coal, drugs, and other supplies. The Assistant Secretary said, "We hope there won't be any dotted line left between the two zones after the negotiations are finished with respect to economic considerations."

Assistant Secretary Hilldring also said that the personnel in the American zone is constantly being reduced but that this reduction is independent of the problem of economic unity: in fact, even after the unity machinery is agreed upon, it might take increased personnel for a short time to get it set up and functioning properly, he explained.

## Security for UNRRA Supplies in Yugoslavia

[Released to the press August 2]

*Reply of Lt. Gen. Sir William D. Morgan, Supreme Allied Commander, Mediterranean, to Mr. La Guardia's letter of July 28, 1946, addressed to Lt. Gen. John Lee, Deputy Supreme Allied Commander, Mediterranean*

I have received your signal and note your statements which I must point out are not in accordance with the facts.

The title to UNRRA supplies passes to the responsible importing government at ships side, and thereafter security of supplies and provision of transit guards is responsibility of owning government. On 2 April 1946 I authorized the following guards from foreign nationals for UNRRA supplies imported through Trieste for Austria, Czechoslovakia, Hungary and Yugoslavia.

Austria. 40 unarmed Austrian civilians.

Yugoslavia. Military personnel drawn from the Yugoslav Detachment, now under command of GOC, XIII Corps, provided that they were not armed and that they remained under the command of GOC, XIII Corps at all times.

Czechoslovakia and Hungary. Detachments of soldiers of not more than 3 officers and 40 men at any one time, from each of the Slovak and Hungarian Armies, provided that they were unarmed, in uniform, and subject to the orders of GOC, XIII Corps whilst within the territorial boundaries of his command.

The above arrangements were acceptable to Austria, Czechoslovakia and Hungary and are being implemented. Yugoslav Detachment, however, although under command XIII Corps, refused to supply unarmed guards as they considered that unless armed they could not adequately protect stores entrusted to their care. Armed guards were, however, not permitted as they were considered unnecessary and undesirable, and it was not until 23 June 1946, and then only after strong representation from General Harding, Commander XIII Corps, that Yugoslav unarmed guards were supplied.

As a part of their program to force permission for Yugoslavs to carry arms in Venezia Giulia,

large scale pilferage and holdups have been alleged of which in fact there has been no evidence and certainly none implicating civil or military police. For your information, American, British and Yugoslav troops are treated alike with regard to carrying arms in Venezia Giulia.

The greatest care has been taken by XIII Corps over arrangements for security of UNRRA supplies in Trieste port, such as:

Substantial increase of Venezia Giulia police for anti-pilferage duties within the port.

Improvements to floodlighting and fencing.

Establishment of an UNRRA port of Trieste committee in which *inter alia* anti-pilferage measures are discussed. In this connection it should be noted that Doctor Nederbracht, the Chairman, has been unable to quote any figures for pilferage at the last 5 weekly meetings of this committee.

This agitation for armed guards appears to be a continuation of a widespread and long term propaganda campaign to discredit Allied Military Government in Venezia Giulia and this campaign has been well known to Allied Force Headquarters for several months past. In this instance the object apparently is to infer that such a state of lawlessness exists in Trieste, that the transit of supplies without armed escort is unsafe. Furthermore, it is more than likely that the allegations of large scale pilferage of Yugoslav UNRRA supplies is an attempt to account for quantities of UNRRA supplies which have reportedly been used for unauthorized purposes.

In view of the possible political motives which may lie behind these allegations which are at variance with the facts reported above and the importance of this particular matter to us all, I would strongly recommend that prior to your departure from Europe you should visit Trieste, whence I have just returned after discussing this matter with General Harding. There you can examine the facts on the ground and subject could be further discussed without bias.

General Lee is in agreement with my views expressed above.

## Views on Termination of UNRRA and the Problem of Relief

### STATEMENT BY ASSISTANT SECRETARY CLAYTON<sup>1</sup>

[Released to the press July 30]

Reports recently published purporting to give my views concerning the termination of UNRRA and the problem of relief in 1947 do not accurately reflect my position on this subject. My position was fully set forth in a statement presented to the House Appropriations Committee in connection with the recent hearings for the final contribution to UNRRA. At that time (June 5, 1946) I said:

"I would like to take this opportunity at what I expect will be the last hearing for an appropriation for UNRRA to tell you how much I am impressed with the wisdom of those who foresaw the need for an organization of this type and the magnificent job which was done by Governor Lehman in building the organization, and by Mayor La Guardia in piloting it during the recent critical months. Certainly conditions in the liberated countries which have received assistance from UNRRA would now be appalling had they not received both the financial aid and the technical facilities which UNRRA is providing. . . . I am confident that UNRRA is prepared to complete its programs with credit to itself and satisfaction to both its receiving and contributing members."

The period of acute need immediately following the war, which made necessary the establishment of a world-wide relief organization, is now drawing to a close. Although it is still too early to determine precisely what will be the situation in the needy areas during the period following UNRRA shipments, we are hopeful that almost all of these countries will be in a position to finance their essential imports of food and other relief supplies and to set up their own administrative machinery for handling their imports.

I accept it as axiomatic that the world will not permit the people of any nation to starve as long as there is food enough to go around.

### OFLC—Continued from page 246

Establishment of the office by Secretary of the Navy James Forrestal and Secretary of War Henry L. Stimson was made pursuant to the direction of the Office of War Mobilization and Reconversion and by regulation of the Surplus Property Act of 1944, and Thomas Bayard McCabe of Philadelphia was named Liquidation Commissioner.

Mr. McCabe in civilian life is chairman of the board of the Federal Reserve Bank of Philadelphia and president of the Scott Paper Company of Chester, Pa. He had previously served the Government as Executive Assistant to Edward R. Stettinius, Jr., in the Advisory Commission for the Council of National Defense, and as Deputy Director, Division of Priorities, Office of Production Management, Deputy Lend-Lease Administrator, member of the U.S. Committee for Inter-American Development, and Chairman of the Business Advisory Council for the Department of Commerce.

The Army, meanwhile, assigned Maj. Gen. Donald H. Connolly, former Commanding General of the Persian Gulf Command, as Deputy Commissioner, and the Navy assigned Rear Admiral William Brent Young, former Chief of the Bureau of Supplies and Accounts, as Assistant Commissioner.

By Executive order in October 1945 the ANLC was transferred to the State Department and redesignated as the OFLC; Mr. McCabe retained his post as Commissioner and the entire organization remained virtually unchanged.

A true story about him might appropriately sum up the incalculable difficulties and complexities which have beset OFLC from its inception and which have been overcome to the extent that almost half of the entire overseas disposal program is completed.

Shortly after accepting the post of Liquidation Commissioner he had dinner with Columnist Walter Lippmann. Mr. McCabe explained the problems which then confronted his infant organization in all parts of the world. When he concluded, Lippmann exclaimed:

"You should get the Congressional Medal just for your courage in accepting the job!"

<sup>1</sup> Telephered from Paris, where Mr. Clayton is assisting Secretary Byrnes at the Paris Peace Conference.

## Position of United States in the World Today

BY CARLTON SAVAGE<sup>1</sup>

ONE OF THE MOST GRATIFYING aspects of our participation in the United Nations and in international affairs generally is the cooperative attitude of the major political parties. Members of both parties helped to develop the ideas of the United States on the Charter. They cooperated with members of the State Department in the background work a few years ago; they participated when the Charter was drawn up at San Francisco; and they worked together at the meeting of the United Nations Assembly in London early this year. You are aware that a Republican, Senator Austin of Vermont, has been named as the representative of the United States on the Security Council. Our Delegation to the September Assembly is composed of both Democrats and Republicans. This bipartisan support adds strength, nationally and internationally, to our participation as a member of the United Nations.

Another and related cause for gratification is the cooperation of the executive and legislative branches of the Government in international affairs. It has been especially noteworthy in connection with the preparations for the post-war world. It was seen in the development of the United Nations Charter. It is seen in practically every international conference when the Secretary of State of the United States is accompanied by members of the Senate and sometimes of the House of Representatives. It is seen in legislation in Congress relating to international affairs, the most recent noteworthy example of which was the passage of the British-loan legislation by the two houses of Congress. We have come a long way since a generation ago when the lack of cooperation between these two branches of government and the lack of unity in international affairs was manifest in our not becoming a member of the League of Nations. This new situation helps greatly toward the unity of the Nation in foreign affairs with a consequent increase in the effectiveness of our participation.

A current discussion of foreign affairs would not, of course, be complete without some reference to the present Paris conference. It was just 27 years ago that another Paris peace conference was held—to prepare a peace treaty with Germany. The present conference, however, will not consider a treaty with Germany; that task will come later. The purpose of this conference is to consider peace treaties with Bulgaria, Finland, Hungary, Italy, and Rumania. The 21 participating states are United Nations members which "actively waged war with substantial military force against European enemy states", namely: United States, Soviet Union, Great Britain, France, China, Australia, Belgium, Byelorussian Soviet Socialist Republic, Brazil, Canada, Czechoslovakia, Ethiopia, Greece, India, Netherlands, New Zealand, Norway, Poland, South Africa, Yugoslavia, Ukrainian Soviet Socialist Republic.

The building of the peace is a long, weary, tedious process. For months the Foreign Ministers of the United States, the Soviet Union, Great Britain, and France and their Deputies have been hammering out the provisions for the five treaties. They have been ironing out national differences, reconciling conflicting points of view, and endeavoring to arrive at a mutually satisfactory conclusion. Finally, they have agreed upon five draft treaties which are under discussion at the 21-nation conference.

At this conference the primary task of the four Foreign Ministers will be to explain to the representatives of the other 17 governments the treaties which have been drafted. After the conference has submitted recommendations either as to amendments of the treaties or as to additional matters to be included in the treaties, the four Foreign Ministers must meet to consider the recommenda-

<sup>1</sup> Excerpts from an address delivered before the Commonwealth Club in San Francisco, Calif., on Aug. 2. Mr. Savage is Assistant to the Secretary of State. For complete text of the address, see Department of State press release 526 of July 30, 1946.

tions and agree upon the final texts of the treaties.

It is important for us to realize that we as a Nation have not had our own way completely at the Paris meetings of the Foreign Ministers nor will we during the Peace Conference. But no nation gets everything it asks for in a free international gathering.

In a way the struggle for an acceptable peace settlement is reminiscent of the battle which has been going on in Washington over price and rent control. At the Capitol our elected representatives have been contesting for weeks and weeks each for his own point of view. When the bill finally passed the House of Representatives, it was reported that this action was taken with a decided lack of enthusiasm among partisans on either side of the issue. In fact, one of the leaders described the compromise bill as "acceptable" rather than "agreeable."

The struggle for a mutually acceptable peace is a much harder process. Different nationalities are involved and national interests and rivalries are intense. Boundaries, war damages, reparations, and strength of armed forces—all these and many others are problems of adjustment which are almost insurmountable. In the end no nation gets its own way fully. Each must yield something to the wishes of others to arrive at a settlement.

At these international gatherings the Secretary of State puts forward with patience and firmness, tolerance and understanding, the points of view of the United States. He holds that if we fail to cooperate in a peace which is indivisible we may again find we may have to cooperate in a war which is world-wide. He is unwilling to admit that we cannot cooperate without sacrifice of our principles, believing that the victories of peace require sacrifice not of principle but for principle.

Even after the completion of the present Conference and the signature and entrance into force of the treaties with the five nations, the peace will not have been made. The big problem of a peace with Germany will still remain. And in addition to a treaty with Germany, it will be necessary before peace is finally concluded to have a settlement with Japan, the other principal Axis power.

In assessing the position of the United States

in the world today we cannot fail to be impressed by the contrast between the situation of the United States and the situation of a large number of other nations. Our homes and factories have not been destroyed and our population has not been decimated by war and disease and famine. On the other hand, many nations have suffered in this way. The hoped-for improvement at the conclusion of hostilities has not materialized. The war is over but the lights have not gone on fully all over the world. In many places they barely flicker. A few days ago in Washington a European diplomat, speaking of the condition of the people on the Continent, expressed to me the view that it would be generations before Europeans generally would again be able to lead what he called the "good life." He said with all earnestness that the difference between Europe and the United States at the present time is the difference between hell and heaven. For him, coming to the United States was like coming out of darkness into light. A British member of Parliament, who was in my office in Washington a short time ago, said that in Britain the problems of food, clothing, and shelter were as severe as during the darkest period of the war—that life is still very grim for the British people, with no early possibility for substantial improvement.

The situation in Europe is not greatly different from that in a large part of Asia. Never in all history have so many people suffered so much for so long. The result is that peoples of the world are in a frame of mind to fall an easy prey to demagogues and dictators. People who are starving and suffering severe privations are more interested in obtaining the necessities of life than they are in the abstract principles of freedom and democracy. The building of a better world is more than ever a work of tremendous magnitude, and the task of the United States in foreign affairs is thus increasingly difficult.

One of the nations which has suffered terribly from war is China, our good neighbor and friend across the Pacific. We have profound sympathy for the Chinese people, who struggled long and valiantly against a cruel invader, and we hope that soon they will have attained unity and peace in their land.

The various moves taken by the Government of the United States to aid China are steps in the complete implementation of a long-agreed program for helping the Chinese nation as a whole

to rid itself of the effects of a long and devastating war against Japan. These moves cannot rightfully be interpreted as current support of any factional military group in China. They will not fully materialize for many months. Their purpose is to cement rather than to destroy unity; to encourage the Chinese to find a solution of their internal problems by the democratic process of peaceful agreement rather than by resort to military force.

The final thought I should like to leave with you today concerns the part played by the people in the making of foreign policy in our democracy.

I should like to emphasize that in our democracy the foreign policy of the United States is ultimately determined by the people. If we the people lapse into the complacency and apathy of the twenties and thirties, tragedy almost certainly will result. On the other hand, if we are alert and informed and vigorous, there should be bright hope for the future. The continuing interest in foreign policy of such organizations as this, your study of problems and the development of views, will contribute toward a wise and successful foreign policy for the United States.

## Protection for Americans Holding Securities of Japanese Enterprises

[Released to the press August 1]

The State Department on August 1 urged American holders of securities or obligations of Japanese business enterprises to file statements immediately with the Division of Foreign Service Administration of the State Department, in quadruplicate, containing information which they believe will serve to protect their interests in the program of monopoly dissolution being inaugurated by the Allied powers in Japan. The Supreme Commander for the Allied Powers in Japan already has data concerning American holdings of Japanese corporate securities which were filed during the war with the Treasury Department. In view, however, of the imminent reorganization of many Japanese combines and other economic

concentrations, it is believed that United States citizens should be given an opportunity to furnish General MacArthur, through the State Department, with any additional information and data which they believe would help him in protecting their property interests. No form is necessary for filing.

## Philippine National Bank Reinstates American Deposits

[Released to the press August 1]

The Government of the Philippine Republic has advised the State Department through American Ambassador Paul V. McNutt, in Manila, that despite severe financial difficulties facing that Government it has ordered the Philippine National Bank, a Government-owned institution, to pay the pre-war deposits of American citizens in that bank which were transferred during the Japanese occupation to the Japanese Bank of Taiwan and the Yokohama Specie Bank.

The board of directors of the Philippine National Bank, acting on the suggestion of President Manuel Roxas, voted to pay the deposits, which are estimated to amount to more than \$2,000,000. The payments will be made on formal application and certification by the depositors. Depositors should communicate with the bank directly.

Ambassador McNutt in transmitting the information to the State Department commented that the "Philippine Government is continuing to show its great good-will toward American citizens, and is apparently determined to maintain the good credit not only of the Government but of all its instrumentalities, despite the extreme financial stringencies in which the Government finds itself today."

A Manila court of first instance had previously ruled in favor of American depositors seeking to establish the bank's liability for the deposits. The case had been on appeal to the Supreme Court. The board of directors voted to withdraw the appeal.

Ambassador McNutt expressed the hope that other Philippine banks in the Philippines will consider following the precedent set by the Philippine National Bank.

# Preliminary Reports of the Second Atomic-Bomb Test

## REPORT OF THE PRESIDENT'S EVALUATION COMMISSION<sup>1</sup>

[Released to the press by UN August 2]

The President has received the following report on the Second Bikini Atom Bomb Test from the President's Evaluation Commission, which witnessed the test on July 25 (local time).

The report was signed in behalf of the Commission by the chairman, Senator Carl A. Hatch of New Mexico.

The other members of the President's Commission are: Senator Leverett Saltonstall, Massachusetts; Representative Chet Holifield, California; Representative Walter G. Andrews, New York; Edward U. Condon, director, U.S. Bureau of Standards, Washington, D. C.; Karl T. Compton, president, Massachusetts Institute of Technology, Cambridge, Mass.; Bradley Dewey, Cambridge, Mass.; William S. Newell, Bath, Me.; Fred Searls, New York.

29 July 1946.

Dear MR. PRESIDENT:

Your acknowledgment on July 7th of our preliminary report on the first test at Bikini was much appreciated.

The second test was conducted in the same area, July 25 local time, and on the same target ships less those sunk in the first test. The bomb was exploded under a moderate depth of water at 8:30 a. m. local time, on schedule. Weather conditions were perfect. Seven members of your committee witnessed the results from the USS *Haven* stationed 11 miles from the point where the bomb exploded. There was no requirement of dark glasses for this test, and the target ships were readily visible to the naked eye and easily distinguishable with the aid of binoculars.

Our previous report endeavored to express our appreciation of the cooperation, assistance and unfailing courtesy extended by Admiral Blandy and by the officers and enlisted men and civilian scientific personnel of Joint Task Force One. Throughout, this attitude of interest and diligence

has remained at the same high level, and the effect of longer observation of operations and better acquaintance with officers and men has been to convince us that you and the people of the United States can place the utmost reliance on the fairness, thoroughness and real effort for the maximum of honest information which has characterized these tests. This disposition has expedited and lightened our task in complying with your directive. These tests have consistently adhered to the stated purpose of the mission: "Primarily to determine the effects of the atomic bomb on naval vessels in order to gain information of value to the national defense".

In the interval between tests the target ships were redeployed in respect to the point chosen for the second explosion, so as to furnish maximum scientific and technical information from expected results.

When the bomb exploded, the battleship *Kansas*, nearest to the center of impact, and three other smaller ships sank at once. The aircraft carrier *Saratoga*, also placed close by, sank 7½ hours later. As soon as radioactivity lessened sufficiently to permit safe operations, the destroyer *Hughes* and the attack transport *Fallon* were beached to prevent their possible sinking. Of the eight submarines involved, six were submerged. Several of these appear to be injured and one at least has gone to the bottom. The two on the surface are not noticeably injured. All but a few of the target ships were drenched with radioactive sea water, and all within the zone of evident damage are still unsafe to board. It is estimated that the radioactivity dispersed in the water was the equivalent to that from many hundred tons of radium.

We believe that interesting distinctions between the general results of the two explosions can even now be drawn without the risk of serious error. Both explosions sank several ships. From the limited observation we have thus far been able to make, the ships remaining afloat within the damage area appear to have been more seriously damaged by the aerial explosion than by the submarine explosion. The damage to ships in the first

<sup>1</sup> For report of the President's Evaluation Commission on first atomic-bomb test on July 1, see BULLETIN of July 21, 1946, p. 115.

test might have been far greater if the bomb had exploded directly over the target ship, the *Nevada*.

In the first test much of the personnel within the ships would have received fatal doses of neutrons and gamma rays from the first deadly flash. On the other hand, the deadly effects of persistent radioactivity would have been much more severe in the second test. Had the target array been manned, it seems clear that casualties and both physical and psychological injury to personnel would have been very great. Rescue and attention to casualties would be difficult and dangerous. Within 2,000 yards of explosion, ships would probably have been inoperative and a lapse of weeks might well ensue before relatively undamaged ships could again be used in combat.

The second bomb caused a deluge of water loaded with deadly radioactive elements over an area that embraced 90 percent of the target array. Such results might be as disastrous to the fleet as results of the first test, although in part for different reasons. An enemy possessed of two or more bombs might well so dispose them as to create simultaneously the deadly features of both tests. Such tactics might effectively dispose of a fleet for many months; for example, consider a Pearl Harbor attack on these lines.

The results of both tests are already under study by the Bureau of Ships and will undoubtedly point the way to changes in ships' size, design and structure, both above and below the water line. Such changes can offer increased immunity to flash and blast effect, but protection from catastrophe by deadly gamma and neutron radiations lies rather in wide spacing of task forces and decentralization of navy yards, repair and loading facilities, of ships within ports, and amongst all available harbors. We are convinced distance is the best defense.

As was demonstrated by the terrible havoc wrought at Hiroshima and Nagasaki, the Bikini tests strongly indicate that future wars employing atomic bombs may well destroy nations and change present standards of civilization. To us who have witnessed the devastating effects of these tests, it is evident that if there is to be any security or safety in the world, war must be eliminated as a means of settling differences among nations.

Most respectfully submitted,

CARL A. HATCH.

To our report of 29 July add:

Japanese battleship *Nagato* sank last night, something less than five days after bomb detonation. Submarine *Dentuda* beached. Two other submarines, *Tuna* and *Skate*, towed to shallow water for safety and observation.

CARL A. HATCH.

## REPORT BY THE JOINT CHIEFS OF STAFF'S EVALUATION BOARD<sup>1</sup>

[Released to the press by UN August 2]

30 July 1946.

In compliance with your directive of 27 February 1946, the Evaluation Board presents a second preliminary report of the atomic bomb tests held at Bikini Atoll.

### SECTION I

#### *Supplement to Preliminary Report on Test "A"*

In general, the observations on ship damage presented by this board in its first report were confirmed by engineering surveys. The location of the bomb burst, accurately determined from photographs, was such that only one ship was within 1,000 feet of the surface point over which the bomb exploded. There were about 20 ships within half a mile, all of which were badly damaged, many being put out of action and five sunk. It required up to 12 days to repair all of those ships left afloat sufficiently so that they could have steamed under their own power to a major base for repair.

It is now possible to make some estimate of the radiological injuries which crews would have suffered had they been aboard Test "A" target vessels. Measurements of radiation intensity and a study of animals exposed in ships show that the initial flash of principal lethal radiations, which are gamma-rays and neutrons, would have killed almost all personnel normally stationed aboard the ships centered around the air burst and many others at greater distances. Personnel protected by steel, water, or other dense materials would have been relatively safe in the outlying target vessels. The effects of radiation exposure would

<sup>1</sup> For report of the Joint Chiefs of Staff's Evaluation Board on first atomic-bomb test, see BULLETIN of July 21, 1946, p. 116.

not have incapacitated all victims immediately, even some of the most severely affected might have remained at their stations several hours. Thus it is possible that initial efforts at damage control might have kept ships operating, but it is clear that vessels within a mile of an atomic bomb air burst would eventually become inoperative due to crew casualties.

## SECTION II

### *Observations on Test "B"*

The Board divided into two groups for the observation of Test "B". Four members, after surveying the target array from the air, witnessed the explosion from an airplane eight miles away at an altitude of 7500 feet. The other three members inspected the target array from a small boat the day before the test and observed the bomb's explosion from the deck of the *USS Haven*, 11 miles at sea to the east of the burst.

The Board reassembled on the *Haven* on 26 July, and the members have since examined photographs, data on radioactivity, and reports of other phenomena, and have inspected some of the target vessels. They have also consulted with members of the Task Force Technical Staff.

As scheduled, at 0835 Bikini time on 25 July, a bomb was detonated well below the surface of the lagoon. This bomb was suspended from *LSM-60*, near the center of the target array. The explosion was of predicted violence and is estimated to have been at least as destructive as 20,000 tons of TNT.

To a degree which the Board finds remarkable, the visible phenomena of the explosion followed the predictions made by civilian and service phenomenologists attached to Joint Task Force One. At the moment of explosion, a dome, which showed the light of incandescent material within, rose upon the surface of the lagoon. The blast was followed by an opaque cloud which rapidly enveloped about half of the target array. The cloud vanished in about two seconds to reveal, as predicted, a column of ascending water. From some of the photographs it appears that this column lifted the 26,000-ton battleship *Arkansas* for a brief interval before the vessel plunged to the bottom of the lagoon. Confirmation of this occurrence must await the analysis of high-speed photographs which are not yet available.

The diameter of the column of water was about 2,200 feet, and it rose to a height of about 5,500

feet. Spray rose to a much greater height. The column contained roughly ten million tons of water. For several minutes after the column reached maximum height, water fell back, forming an expanding cloud of spray which engulfed about half of the target array. Surrounding the base of the column was a wall of foaming water several hundred feet high.

Waves outside the water column, about 1,000 feet from the center of explosion, were 80 to 100 feet in height. These waves rapidly diminished in size as they proceeded outward, the highest wave reaching the beach of Bikini Island being seven feet. Waves did not pass over the island, and no material damage occurred there. Measurements of the underwater shock wave are not yet available. There were no seismic phenomena of significant magnitude.

The explosion produced intense radioactivity in the waters of the lagoon. Radioactivity immediately after the burst is estimated to have been the equivalent of many hundred tons of radium. A few minutes exposure to this intense radiation at its peak would, within a brief interval, have incapacitated human beings and have resulted in their death within days or weeks.

Great quantities of radioactive water descended upon the ships from the column or were thrown over them by waves. This highly lethal radioactive water constituted such a hazard that after four days it was still unsafe for inspection parties, operating within a well-established safety margin, to spend any useful length of time at the center of the target area or to board ships anchored there.

As in Test "A", the array of target ships for Test "B" did not represent a normal anchorage but was designed instead to obtain the maximum data from a single explosion. Of the 84 ships and small craft in the array, 40 were anchored within one mile and 20 within about one-half mile. Two major ships were sunk, the battleship *Arkansas* immediately and the heavy-hulled aircraft carrier *Saratoga* after 7½ hours. A landing ship, a landing craft, and an oiler also sank immediately. The destroyer *Hughes*, in sinking condition, and the transport *Falcon*, badly listing, were later beached. The submerged submarine *Apogon* was sent to the bottom emitting air bubbles and fuel oil, and one to three other submerged submarines are believed to have sunk. Five days after the burst, the badly damaged Japanese battleship *Nagato* sank. It

The was found impossible immediately to assess damage to hulls, power plants and machinery of the target ships because of radioactive contamination. Full appraisal of damage will have to await detailed survey by engineer teams. External observation from a safe distance would indicate that a few additional ships near the target center may have suffered some hull damage. There was no obvious damage to ships more than one-half mile from the burst.

### SECTION III

#### *Observations and Conclusions, Both Tests*

The operations of Joint Task Force One in conducting the tests have set a pattern for close, effective cooperation of the Armed Services and civilian scientists in the planning and execution of this highly technical operation. Moreover, the tests have provided valuable training of personnel in joint operations requiring great precision and coordination of effort.

It is impossible to evaluate an atomic burst in terms of conventional explosives. As to detonation and blast effects, where the largest bomb of the past was effective within a radius of a few hundred feet, the atomic bomb's effectiveness can be measured in thousands of feet. However, the radiological effects have no parallel in conventional weapons. It is necessary that a conventional bomb score a direct hit or a near miss of not more than a few feet to cause significant damage to a battleship. At Bikini the second bomb, bursting under water, sank a battleship immediately at a distance of well over 500 feet. It damaged an aircraft carrier so that it sank in a few hours, while another battleship sank after five days. The first bomb, bursting in air, did great harm to the superstructures of major ships within a half-mile radius, but did only minor damage to their hulls. No ship within a mile of either burst could have escaped without some damage to itself and serious injury to a large number of its crew.

Although lethal results might have been more or less equivalent, the radiological phenomena accompanying the two bursts were markedly different. In the case of the air-burst bomb, it seems certain that unprotected personnel within one mile would have suffered high casualties by intense

neutron and gamma radiation as well as by blast and heat. Those surviving immediate effects would not have been menaced by radioactivity persisting after the burst.

In the case of the underwater explosion, the air-burst wave was far less intense and there was no heat wave of significance. Moreover, because of the absorption of neutrons and gamma rays by water, the lethal quality of the first flash of radiation was not of high order. But the second bomb threw large masses of highly radioactive water onto the decks and into the hulls of vessels. These contaminated ships became radioactive stoves, and would have burned all living things aboard them with invisible and painless but deadly radiation.

It is too soon to attempt an analysis of all of the implications of the Bikini tests. But it is not too soon to point to the necessity for immediate and intensive research into several unique problems posed by the atomic bomb. The poisoning of large volumes of water presents such a problem. Study must be given to procedures for protecting not only ships' crews but also the populations of cities against such radiological effects as were demonstrated in Bikini lagoon.

Observations during the two tests have established the general types and range of effectiveness of air and shallow underwater atomic-bomb bursts on naval vessels, army matériel, including a wide variety of Quartermaster stores, and personnel. From these observations and from instrumental data it will now be possible to outline such changes, not only in military and naval design but also in strategy and tactics, as future events may indicate.

L. H. BRERETON  
B. DEWEY  
T. F. FARRELL  
J. H. HOOVER  
R. A. OFSTIE  
J. W. STILWELL  
K. T. COMPTON, *Chairman*

### Erratum

BULLETIN of July 21, 1946, pp. 115 and 116: The report on page 115 should be headed "Report of the President's Evaluation Commission"; that on page 116 should be headed "Report of the Joint Chiefs of Staff's Evaluation Board".

# **Oil in United States Foreign Policy**

**BY JOHN A. LOFTUS<sup>1</sup>**

**W**E FIND that the activities of the United States Government with respect to foreign oil operations prior to World War II fall under one or another of these four heads:

1. Insistence upon non-discriminatory commercial treatment of American oil marketers operating in foreign countries.

2. Insistence upon the "open door" principle of equal commercial opportunity (most-favored-nation treatment) with respect to the granting of rights to explore for and develop oil reserves.

3. Insistence on the principle of just and adequate compensation in circumstances where a foreign government exercises its sovereign right to nationalize the oil industry.

4. Diplomatic assistance to and support of American oil companies in their various dealings with foreign governments, when requested, such assistance and support being more or less routine, depending upon the circumstances.

All four of these points, however, are basic concepts in the foreign commercial policy of the United States. There is nothing in them peculiar to oil. With respect to any industry or any American commercial operation abroad we insist upon non-discriminatory most-favored-nation treatment (the open door) and just and adequate compensation, and the Government, upon request, renders to American commercial interests without discrimination or favoritism whatever measure of diplomatic assistance or support is necessary or appropriate under the particular circumstances.

In this sense then, we have not had until now a foreign oil policy in any way significantly different from, larger than, or more concrete than our foreign commercial policy generally. If there was at certain times greater emphasis upon the

application of these principles to oil than upon their application to other commodities, it was attributable primarily to the large importance of oil in the total volume of United States foreign investments and, in some slight degree, to a recognition of the strategic importance of oil. This latter recognition, however, was tempered by a soothing awareness of apparently unlimited oil resources available within the United States.

So much for the past. As of today what is the foreign oil policy of the United States? As I see it there are three aspects to foreign oil policy. In the first place, there is the specific application to oil of our general commercial policy. In the second place, there is what might be called our "national" oil policy—the things with reference to oil that we want to accomplish in our own strict national interest. Finally, there is what might be called "international" oil policy—the things with respect to oil that we and other nations individually and collectively want to accomplish in order to minimize the conflict and instability that oil can generate and in order to insure that oil will contribute to peace and prosperity rather than inhibit their attainment.

The principal historical applications of commercial policy to foreign operations of the oil industry I have already indicated. We shall continue to press for the same objectives—non-discrimination, equality of opportunity, fair treatment. Beyond this, however, we also assume that oil will find its place in that pattern of expanding and liberalized international trade which the United States Government seeks to attain by intergovernmental consultation and collaboration. Such a pattern of world trade is the end object of the United States *Proposals for Expansion of World Trade and Employment*. The mechanisms of collaborative action which we hope the nations of the world will undertake are described in those proposals. They include the elimination or reduction of restrictions upon trade imposed by governments, such as tariffs, preferences, quotas, miscellaneous import and export prohibitions or restrictions, export subsidies, discriminatory exchange controls, and discriminatory treatment on

<sup>1</sup> Excerpts from an address delivered on July 30 at the University of Pittsburgh, Pittsburgh, Pa., under the auspices of the Fuels and Lubricants Branch of the Supply Division, Office of the Quartermaster General, summer seminar in petroleum engineering. For complete text of the address, see Department of State press release 521 of July 29, 1946. Mr. Loftus is Chief of the Petroleum Division, Office of International Trade Policy, Department of State.

the part of state trading enterprises. They include also the elimination of restrictions imposed by private combines and cartels, such as combinations or agreements to fix prices and terms of sale, divide markets or territories, limit production or exports, suppress technology or invention, exclude enterprises from particular fields, or boycott or discriminate against particular firms. They also include the elimination or mitigation of that disorder in the markets for certain primary commodities which results from the existence of burdensome surpluses accompanied by wide-spread distress to many small producers; this object is to be effected by the negotiation, where appropriate, of intergovernmental commodity agreements designed to prevent or alleviate economic dislocations and so remedy, if possible, their root causes. Finally, our program calls for the elimination of those violent fluctuations in economic activity and prosperity which result from the inability of nations to maintain high and stable levels of employment and production. If these collaborative measures are firmly and boldly espoused, the pattern of world trade in oil will perhaps be modified somewhat, but its volume will be increased and its contribution to the prosperity of nations and to a general increase in levels of living will be enhanced.

Such, in too brief a summary, is our commercial policy in its application to oil. What is our "national" oil policy? A policy is, I think, essentially a coherent answer to these three questions:

- (1) What is the situation that confronts us?
- (2) What are the objectives that we must attain?
- (3) What are the main lines of action by which they can be attained?

The situation that confronts us is one wherein foreign oil supplies assume an unprecedented importance. It is almost a new experience for the United States to have to worry about the oil that might be needed in peace or war for essential requirements of the nation. In the early twenties there was much agitated discussion of our dwindling oil reserves and of our imminent dependence upon foreign sources of supply. This period of alarm was short-lived, and few remember it. The alarm, it so happens, was ill-founded, as the subsequent wave of sensational discoveries disclosed. Except for that short period the oil economy of the United States was one of abundance, indeed of surplus. There are serious indications that such is no

longer the case, and we cannot in good conscience close our eyes to these signs.

I do not propose to become engaged in a statistical controversy. I shall not attempt to tell you exactly how many years' supply of petroleum remain in the United States—principally because I do not know (and no one can know with certainty) what additional quantities of underground oil we shall discover. I shall not attempt either to tell you how many millions of barrels of oil per day we shall be importing in 1965. Again I do not know. But some things I do know:

1. In the opinion of the best market experts and petroleum economists the demand for petroleum products in the United States will increase steadily over the next 20 years and will by general consensus reach a level of approximately 6,500,000 barrels a day in 1965.

2. The productive capacity of presently known oil reserves, if produced at maximum efficient rates, commonly referred to in industry terminology as MER, will decline over the next 20 years to a level materially below 3,000,000 barrels per day.

3. The total productive capacity of the United States will be higher than the MER productive capacity of presently known fields only by the MER productive capacity of such new fields as may be discovered.

4. If the trend of discoveries that characterized the period from the end of 1938 through 1945 is continued substantially unchanged, the size and productive capacity of the new fields that will be discovered in the next 20 years will permit an additional MER productive capacity that will bring total MER capacity in 1965 to a level of not over 3,500,000 barrels per day.

5. The only circumstances that could produce a materially different result would be another wave of sensational discoveries of large new fields.

6. There are no presently known geological considerations justifying strong affirmative assumption that such a wave of discoveries is probable.

I do not rashly draw gloomy conclusions. I do not say that we cannot bring in another east Texas. I do not say that we shall necessarily have a deficit of 3,000,000 barrels per day by 1965. I do say that, on the basis of presently known facts, there is serious indication that *if* consumption increases at the rate foreseen by the best petroleum economists and *if* the discovery rate that characterized the last 7 years is not greatly surpassed, then

within a few years we shall of necessity be as a nation a significant net importer of petroleum. Either or both of these if's may be invalidated by future events—but there is no present evidence affirmatively suggesting that they will be. The only conclusion which I draw is that we are obligated in prudence to consider the possibility of substantial dependence upon external sources of supply and therefore to consider the measures which we should take to insure the availability of foreign supplies.

The measures which we should take would be directed toward the following ends:

1. To promote the development of those sources of supply (primarily in the Western Hemisphere) which are well located from our point of view—that is, economically located under circumstances of peace and strategically located under circumstances of war.

2. To encourage and facilitate within reason the participation of American capital and enterprise in the development of such sources of supply—not merely because of the readier access which such participation would guarantee to us but also because on the record the technical and managerial skill of the American petroleum industry is preeminently competent to insure the prompt and efficient development of resources anywhere.

3. To promote the development of oil potentialities in the Eastern Hemisphere, particularly in the oil-rich areas of the Middle East—so that the expanding requirements of Europe and Asia for petroleum products can be met from Eastern Hemisphere production without that drain upon Western Hemisphere reserves which has characterized the pattern of world oil trade in the past.

4. To facilitate and encourage within reason the participation of American capital and enterprise in the development of Eastern Hemisphere resources.

These are the main objectives which from the point of view of our own national well-being we should seek to attain. The mechanisms by which we can further their attainment are too numerous to list in detail but include such things as:

1. Promotion of a generally stable political and economic environment.

2. Encouraging the emergence of sound conditions of basic law and of contract so that oil-indus-

try operations abroad can be conducted in an atmosphere of reasonable political tranquillity.

3. Promotion world-wide of conditions of expanding trade upon liberal principles and in stable convertible currencies so that an adequate commercial incentive will be provided for the development of known oil potentialities.

4. Promotion of free and flexible competition in the international oil trade so that supplies from abroad may be available to meet the needs of the United States and to supplement our indigenous productive capacity.

5. Promotion of fair and mutually beneficial contractual relations between American oil companies and the governments of those countries whose oil resources are being developed so that (a) the investment position of American companies will be solidly based; (b) it will promote good intergovernmental relations; and (c) the commercial operations of American companies are conducted always in such manner as to foster the economic advancement and to raise the standard of living of the people within whose territory the oil is found.

6. Elimination of political and commercial restrictions upon the free competitive development of oil resources wherever found. This, as you know, was one of the principal objectives sought in the negotiation of the Anglo-American Petroleum Agreement.

The foregoing is, I think, the outline of a sound foreign oil policy and program for the United States. Lest it be misunderstood, I hasten to add that it is not a program for forcing imports, or for undermining the American domestic petroleum industry, or for flooding the country with cheap oil. It is a policy and program designed to insure that, if this country finds that it needs to import substantial quantities of oil to maintain its complex industrial economy and to insure its military security, the circumstances of world trade in oil will be such as to guarantee the availability to the United States of whatever petroleum supplies the domestic industry may be incapable of producing.

Finally we turn to the question of what I earlier called "international" oil policy. The situation that confronts us can be described in the following terms:

In the first place, petroleum is a commodity of tremendous strategic and military, as well as com-

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mercial, importance, and it is therefore an object of acquisitive competition among nations. This theme needs no elaboration.

In the second place, the irregular geographic distribution of petroleum reserves bears no relation to political boundaries or to the geographic distribution of the world's population. The occurrence of oil is determined by geologic phenomena of the remote past. It has in general been laid down along the shorelines of ancient seas, the location of which has little to do with the present division of the earth's surface as between land and water and has a purely adventitious relationship to present physical and human geography.

In the third place, oil reserves through sheer accident apparently occur in rough inverse correlation to the present occurrence of industrially advanced areas. For instance, little oil has been found or is likely to be found in western Europe or along the eastern seaboard of the United States. Very abundant supplies of oil are found in industrially undeveloped areas and sometimes in almost uninhabited parts of the world.

The foregoing are physical characteristics of the occurrence of oil. Certain other aspects of oil development which derive from the foregoing are less immutable.

For instance, control of underground oil resources, outside the continental United States and the Soviet Union, tends to be vested in a relatively small number of very large corporate organizations. Not more than a dozen companies in all control the bulk of production and marketing of that oil which moves in international commerce. Indeed, for practical purposes, seven companies exercise this control. Pairings and groupings of these seven conduct joint operations in many parts of the world. For instance, four of them control over 70 percent of the shares of the Iraq Petroleum Company, which in turn controls all the oil of Iraq, Qatar, the Trucial Coast, and other less important areas of the former Ottoman Empire; two of them control all the known oil of Saudi Arabia; one controls exclusively the presently developed oil production of Iran and (in equal partnership with another of the seven companies) controls all the oil of Kuwait; five of them, organized into three corporate entities, control almost all the oil of the Dutch East Indies and do most of the petroleum marketing in the Far East; one holds title to all the developed resources of Hungary; their combined direct and

indirect interest in the oil industry of Rumania accounts for almost 50 percent of the total; separately and in various combinations they control most of the oil in Latin America, except in those countries which have nationalized their resources.

This kind of concentrated control arose logically and naturally as a consequence of the geographic location of oil resources. When in fact the most promising oil regions coincided with areas of industrial underdevelopment, and indeed in some cases of political backwardness—areas the inhabitants of which lacked both the elaborate technical competence and the large quantities of capital required for the development of oil resources—it was to be expected that such development, which had to be undertaken by enterprises not native to the areas in question, would be undertaken only by organizations possessing large amounts of capital and qualified to assume large risks.

The result of these circumstances was that the great oil companies of the world in devising the arrangements under which they would operate in foreign countries have logically sought maximum latitude in their rights to operate and in their chances of gain and simultaneously sought to insure minimum political interference with their activities. This they have sought through the negotiation of concession contracts. A concession contract is, in the last analysis, a comprehensive set of rights, privileges, and immunities on the one hand and financial and other obligations on the other hand.

The successful negotiation of such contracts as these resulted in situations where the oil companies have enjoyed, or have had an opportunity to enjoy, tremendous grants of economic power and far-reaching rights of self-determination. In cases too numerous to mention the result has been uneasiness, suspicion, and distrust on the part of the grantor, and in the more extreme instances this has led to cancellation or expropriation. It promotes conditions under which the temptation always exists for some other power to play upon the uneasiness and suspicion latent in the minds of the granting government and thus establish an opportunity to acquire valuable developed oil rights.

This kind of an over-all situation is not conducive either to peace or to commercial stability.

What objectives should be sought if peace and stability are to be insured? Principally these:

1. To bring about circumstances whereunder, be-

cause of diminished political risks, small as well as large units can engage in the development of foreign oil resources.

2. To create conditions whereunder suspicion and uneasiness are allayed because there is some assurance that the contractual relations are fair, just, and beneficial to both parties.

3. To promote conditions providing assurance that unnecessary powers are not vested in private oil companies.

4. To assure that all nations will enjoy access on competitive and non-discriminatory terms to the petroleum resources of the world so that the distinction between have and have-not nations with respect to oil will become largely meaningless and the acquisitive greed of nations for control over external oil resources will be correspondingly reduced.

It is as yet too early in the process of moving toward a more orderly and stable organization of the world oil industry for anyone to profess to know how these objectives can best be accomplished.

One promising development taking place is a movement away from the granting of large concessionary rights through bilateral bargaining and in the direction of establishing a uniform and general basis of law governing the acquisition and exercise of rights with respect to oil resources.

Also there is a disposition, in the negotiation of concession contracts and in the formulation of basic laws, to include provisions designed clearly and frankly to recognize the legitimate interest of sovereign governments in the rate at which and the manner in which their oil resources are to be developed and to offer safeguards against two eventualities that governments tend to fear, namely bottling up of their resources by private companies and an excessive rate of extraction.

Also there is a disposition to welcome the financial and technical participation of foreign nations or governments in the processes of the oil industry. Consequently new arrangements are being devised and new ways of organizing oil ventures are being worked out, the object of which is to permit genuine cooperative undertakings with management control continuing to reside in the element that is technically the more competent and that assumes the larger risks. This development is in the direction of stability and harmony. It should be facilitated where practicable by governments. The Department of State is presently rendering help

and guidance in the devising of new patterns of co-operation between American companies and foreign countries.

Also there is a disposition to recognize that oil development in foreign countries is not and cannot be something conducted with a view to pecuniary profit alone, but must also be consciously directed toward the economic betterment of the peoples within whose territory oil is found, by the provision of fair revenues, by cooperative planning of public improvements, and by the provision of abundant supplies of local fuel at reasonable prices.

Finally, there is a growing pressure for the negotiation of some kind of world oil agreement which would result in the establishment of an international body under the United Nations organization. Only time will tell the full scope and efficacy of such international undertaking as may ultimately emerge.

It is possible that the pattern of international consultation on oil will take something like the following form:

An instrumentality of the United Nations, consisting of expert representatives of many nations would give continuing consideration to the political and economic problems of the international oil trade; would study the terms and conditions under which oil is developed in various parts of the world, whether under concession contracts or under general laws; and would be able and ready to advise governments and oil companies about the patterns of arrangements most likely to prove mutually beneficial and conducive to stability of commercial operations.

Such a body might additionally have authority to review the terms of concession contracts and to recommend revisions thereto. Nations which had already conceded out part or all of their petroleum resources to private foreign companies might be free to appeal to such international body for a review of either the terms of the concession arrangements or the concessionaire's compliance. Nations believing themselves to have inadequate access or at unreasonable prices to the oil supplies of the world would be free to appeal to the international body for a review of the circumstances of the case; and the international body might be authorized to recommend to governments and companies corrective measures if such were needed. Through the fact-gathering facilities of the inter-

national body such basic facts of the international oil trade as costs, prices, royalties, inter-company contracts, and similar data would be of public record available internationally.

I shall not now conjecture further about the character and structure of an as yet hypothetical future world oil organization.

I recognize of course that existing international political stresses cannot be overcome overnight, any more than the tendency to think of oil along national, strategic lines. Nevertheless, it is not too soon to begin thinking of the conditions under which an international body could make a valuable contribution to the serious problems which have already arisen in the international field in regard to oil and which promise to become more serious in the future.

In any case, one important consequence of a collaborative undertaking among nations with respect to oil would be that a careful, competent, and continuing effort would be made to understand the causes of political friction, of conflict, of instability that might or do arise in connection with the international oil trade. Such an effort would be made by nations intent upon achieving tranquil relations, and therefore no matter how limited or how ambitious its scope might be it would be bound to bear fruit.

The Governments of the United States and the United Kingdom, when they negotiated their bilateral agreement on petroleum, undertook to seek early multilateral agreement among nations and to promote the convocation at an early date of a world oil conference looking toward the negotiation of such an agreement and the establishment of an international consultative body. The early realization of this objective not only will be of incalculable benefit to the preservation of cordial relations among nations with respect to a potentially explosive commodity of tremendous industrial and military significance; it will be of comparable benefit to the commercial prosperity and stability of oil-industry operations.

#### UNRRA SESSION—Continued from page 250

ing the Fifth Council Session, where they will report on the facts they have gathered.

No attempt has been made to discuss the future of UNRRA in the Far East, but the problems in that area cannot be solved quickly or easily.

It has not been asserted that UNRRA has been the only means for relieving the distress left in the

wake of World War II. The beneficial result of its operations, however, cannot be measured by percentages or quantities. The organization has made mistakes, and it has encountered many difficulties, but a sober valuation of its over-all accomplishments will bring the sure judgment that it has worked valiantly to relieve hunger and suffering to the greatest extent possible under the conditions confronting the organization. Whatever future will be decided for UNRRA at the Fifth Council Session, the Administration still has a job to do with the remaining resources at its command, and in the accomplishment of its remaining commitments it will make further contributions to the international effort to feed and to rehabilitate countries which have been devastated by war.

## Gold and Dollar Exchange Equivalents of Hungarian "Forint"

[Released to the press August 2]

The Department of State has been informed by the American Minister in Budapest, Arthur Schoenfeld, that the Hungarian Government has announced the gold- and dollar-exchange equivalents of the new Hungarian monetary unit called "forint". One kilogram of fine gold equals 13,210 forint, which corresponds to 0.0757 grams of fine gold to one forint. The official dollar-exchange rate is 11.7393 forint to one U.S. dollar. The conversion rate for old pengo currency is 200 million tax pengo to one forint.

## Visit of Czechoslovak Journalists

Four prominent Czechoslovak journalists, guests of the Department of State, arrived here on July 29 for a week's stay on the last leg of a seven-week tour of the United States.

The journalists are: Miss Alena Bernaskova, feature writer on *Svobodne Noviny*, independent Prague newspaper, representing cultural organizations; Frantisek Meloun, assistant editor in chief of the Socialist newspaper *Svobodne Slovo*; Karel Zieris, an editor of *Pravo Lidu*, organ of the Czechoslovak Social Democratic Party; and Jan Trachta, editor in chief of *Narodni Obroda*, organ of the Slovak National Council.

# Treaty of General Relations and Protocol Between U. S. and Philippines

## PRESIDENT'S MESSAGE TO THE SENATE

[Released to the press by the White House July 30]

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the treaty of general relations and protocol between the United States of America and the Republic of the Philippines signed at Manila on July 4, 1946. I transmit also, for the information of the Senate, the report of the Secretary of State with respect to that treaty and protocol.

In view of the unique relationship existing between the United States of America and the Republic of the Philippines and the desire of our Government and people to further the interests of the Government and people of the Republic of the Philippines, I should be grateful for the earliest possible consideration of the treaty and protocol by the Senate.

HARRY S. TRUMAN.

THE WHITE HOUSE

July 30, 1946

## REPORT BY THE SECRETARY OF STATE<sup>1</sup>

DEPARTMENT OF STATE,  
Washington, July 26, 1946.

The PRESIDENT,

*The White House:*

The undersigned, the Secretary of State, has the honor to lay before the President, with a view to its transmission to the Senate to receive the advice and consent of that body to ratification, if his judgment approve thereof, the treaty of general relations and protocol between the United States of America and the Republic of the Philippines, signed at Manila on July 4, 1946.<sup>2</sup>

History records few instances of the voluntary relinquishment of sovereignty by one nation over another. The present treaty is an example of

<sup>1</sup> Printed from Exec. Rept. 10, 79th Cong., 2d sess., p. 2.

<sup>2</sup> Not printed.

faith—mutual faith of one government and people in another—faith preserved and strengthened in dark days of struggle against foes of freedom.

For nearly a half century the United States of America exercised sovereign control over the Philippines. During that time it was the constant purpose of the American Government to promote the welfare of the Philippine people to the end that they, at the earliest practicable time, might become free and independent.

An important step toward the granting of Philippine independence took place on August 29, 1916, with the enactment of Public Law 240, Sixty-fourth Congress (39 Stat. 545), which placed in the hands of the Philippine people rights with respect to the control of their domestic affairs and stated the policy of the people of the United States to be the withdrawal of their sovereignty over the Philippine Islands and the recognition of Philippine independence upon the establishment of a stable Philippine government.

On March 24, 1934, there was enacted the Tydings-McDuffie Act (Public Law 127, 73d Cong. 48 Stat. 456), providing for the complete independence of the Philippines and for the adoption of a Philippine constitution and form of government. Pursuant to this law a new constitution was framed and duly ratified by the Philippine people. Under this constitution the Republic of the Philippines was established on July 4, 1946.

The enclosed treaty and protocol signed at Manila on that day do not presage a withdrawal of American interest in the Philippine Government or a severance of the ties binding the American and Philippine peoples. The relationships between the two peoples have shown steady improvement ever since the assumption by the United States of sovereignty over the Philippines. The unity of American and Philippine ideals was demonstrated in the recent war in which the two peoples fought side by side in the cause of liberty. The enclosed treaty represents the end of one

era of American-Philippine relations and the commencement of a new era. In that new era the two Governments and peoples will be bound as closely as ever by ties of friendship and mutual trust.

Article I of the treaty provides for the withdrawal and surrender of all right of possession, supervision, jurisdiction, control, or sovereignty existing and exercised by the United States of America in and over the territory and the people of the Philippine Islands, except for the use of such bases as the United States of America, by agreement with the Republic of the Philippines, may deem necessary for mutual protection of the two countries. The United States of America, in Article I of the treaty, recognizes the independence of the Republic of the Philippines as a self-governing nation.

Article II provides for the rights to be accorded by each country to the diplomatic and consular officers of the other country.

Article III relates to the representation by the Foreign Service of the United States, pending the final establishment of Philippine Foreign Service establishments abroad, of the interests of the Republic of the Philippines in countries where there is no Philippine representation.

Article IV pertains to the assumption by the Republic of the Philippines of all debts and liabilities of the Philippine Islands, its provinces, cities, municipalities, and instrumentalities.

Article V provides that all cases at law concerning the Government and people of the Philippines which, in accordance with section 7 (6) of the Independence Act of 1934, are pending before the Supreme Court of the United States of America at the date of the granting of the independence of the Republic of the Philippines shall continue to be subject to the review of the Supreme Court of the United States of America for such period of time after independence as may be necessary to effectuate the disposition of the cases at hand.

Article VI relates to the adjustment and settlement of claims of either Government or its nationals against the other Government. This article provides also for the safeguarding of property rights of each contracting state and its citizens and corporations in the territory of the other contracting state.

Article VII provides for the assumption by the Republic of the Philippines of all continuing obligations assumed by the United States of America under the treaties between the United States of America and Spain concluded on December 10, 1898, and November 7, 1900.

Article VIII provides for the ratification of the present treaty by the United States of America and the Republic of the Philippines and for its entry into force upon the exchange of instruments of ratification at Manila.

The protocol which accompanies the treaty<sup>1</sup> sets forth understandings of the two Governments with respect to the purpose and scope of the treaty. The protocol provides also for the provisional observance of articles II and III of the treaty.

Respectfully submitted,

JAMES F. BYRNES

## U.S.-Chilean Provisional Commercial Agreement

[Released to the press July 31]

By means of an exchange of notes, the Governments of the United States and Chile have agreed to continue in force for another year, unless superseded by a more comprehensive agreement, the provisional commercial agreement concluded by the two Governments on July 30, 1945.<sup>2</sup> The Chilean note was signed on July 23 and the United States note on July 30.

In this commercial agreement the Chilean Government granted to the commerce of the United States, without compensation, reductions in the Chilean import duties on certain commodities. The Government of Chile made these unilateral duty concessions in the interest of the expansion and liberalization of trade in accordance with the economic objectives of the Atlantic Charter and of the Inter-American Conference on Problems of War and Peace, held at Mexico City in the spring of 1945.

<sup>1</sup> Not printed.

<sup>2</sup> BULLETIN of Aug. 5, 1945, p. 188. For text of agreement, including list of concessions, see Department of State press release 581 of Aug. 2, 1945.

# Protocol Amending Whaling Agreement

## PRESIDENT'S MESSAGE TO THE SENATE

[Released to the press by the White House July 19]

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith a certified copy of a protocol signed at London on November 26, 1945, for the United States of America, the Union of South Africa, the Commonwealth of Australia, Canada, Denmark, the Provisional Government of the French Republic, the United Mexican States, the Netherlands, New Zealand, Norway, and the United Kingdom of Great Britain and Northern Ireland, amending in certain particulars the international agreement for the regulation of whaling signed at London on June 8, 1937, as amended by the protocol signed at London on June 24, 1938.<sup>1</sup>

I transmit also for the information of the Senate the report made to me by the Secretary of State regarding the protocol signed at London on November 26, 1945 with accompanying documents, namely, a certified copy of the final act of the International Whaling Conference at which that protocol was drafted and recommended,<sup>2</sup> and a copy of the report of the United States Delegation to that Conference.<sup>3</sup> The final act does not require ratification and is submitted only as explanatory of the amendments made to the whaling agreement of June 8, 1937, and the protocol of June 24, 1938.

HARRY S. TRUMAN

THE WHITE HOUSE

July 19, 1946

## REPORT BY THE SECRETARY OF STATE<sup>3</sup>

July 18, 1946.

The PRESIDENT,

The White House:

The undersigned, the Secretary of State, has the honor to lay before the President, with a view to its transmission to the Senate to receive the

<sup>1</sup> On July 30 the Senate gave its advice and consent to ratification of the protocol.

<sup>2</sup> Not printed.

<sup>3</sup> Printed from Executive I (79th Cong., 2d sess.), pp. 2-4.

advice and consent of that body to ratification, if his judgment approve thereof, a certified copy of a protocol signed at London on November 26, 1945, for the United States of America, the Union of South Africa, the Commonwealth of Australia, Canada, Denmark, the Provisional Government of the French Republic, the United Mexican States, the Netherlands, New Zealand, Norway, and the United Kingdom of Great Britain and Northern Ireland, amending in certain particulars the international agreement for the regulation of whaling signed at London on June 8, 1937 (Treaty Series 933), as amended by the protocol signed at London on June 24, 1938 (Treaty Series 944).

The provisions of the present protocol were drafted and recommended by the International Whaling Conference, held at London on November 20, 21, 22, 23, and 26, 1945. The object of that Conference was to consider whether special measures should be put into force for the 1946-47 whaling season. Because of the acute shortage of fats and oils and in view of the probability that the fats and oils situation would continue to be serious through 1947, it was agreed to relax for another year certain provisions of the above-mentioned whaling agreement of 1937, as amended. It was agreed also to carry over for the 1946-47 season, with revisions, regulations similar to those set forth in the protocol signed at London on February 7, 1944 (Senate Executive D, Seventy-eighth Congress, second session). Article 4 of the 1944 protocol provided for its termination after the first season in which whaling operations were resumed, which was the 1945-46 season.

For the information of the Senate, as explanatory of the amendments to the international agreement of 1937 for the regulation of whaling and the protocol of 1938, there is enclosed a certified copy of the final act of the 1945 Conference. The final act does not require ratification.

Article 1 of the present protocol amends article 7 of the 1937 agreement. It extends for the 1946-47 season the period during which factory ships or whale catchers attached thereto may be used to take or treat baleen whales in waters south of 40° south latitude from the period

December 8 to March 7 to the period December 8 to April 7. This is a continuation of the 4 months' season authorized in the 1944 protocol, with the exception that the starting date for the season is changed from November 24 to December 8, the date originally established by the 1937 agreement. The closing date is changed from March 24 to April 7 to compensate for the later opening of the season. The representatives at the Conference were of the view that whales taken prior to December 8 had not spent sufficient time in the Antarctic feeding grounds to accumulate the optimum amount of fat, and that many of the whales carrying young have left the Antarctic feeding grounds prior to this date. At the same time it was thought practicable to extend the season beyond March 24, because recent experience had given some indication that ice conditions were not as important a factor as had been thought in the past.

Article 2 is carried over in identical substance from article 1 (ii) of the 1944 protocol. It provides that each contracting government intending to operate a factory ship in the area defined by article 7 of the 1937 agreement will notify the British Government, which in turn will inform the other contracting governments of such notice.

Article 3 continues the prohibition relating to the taking of humpback whales in any waters south of  $40^{\circ}$  south latitude originally contained in article 1 of the 1938 protocol and reimposed by article 2 of the 1944 protocol. The purpose of this prohibition is to protect humpback whale stocks in certain areas from depletion.

Article 4 retains the provision of the 1944 protocol imposing a limit of 16,000 blue-whale units as the maximum catch of baleen whales in the 1946-47 season in the area defined by article 7 of the 1937 agreement. In addition, it provides machinery, which was not included in the 1944 protocol, to prevent the catch from exceeding the blue-whale-unit quota. Each contracting government undertakes to insure the submission of a weekly report to the International Bureau for Whaling Statistics on the number of blue-whale units caught by each of its factory ships. If it appears from this information that the annual limit of 16,000 blue-whale units will be attained before April 7, the above-mentioned Bureau shall be requested to determine an earlier closing date and notify each contracting government thereof at least 2 weeks in advance. The taking of baleen whales in the area

referred to shall be illegal after the date so determined.

Article 5 relaxes, during the period May 1 to October 31, 1947, the provisions of article 3, paragraph 2, of the 1938 protocol on the operation of factory ships as land stations in territorial waters.

Article 6 defines the expressions and technical terms used in the present protocol.

Articles 7, 8, and 9 are formal in their character. They relate to ratification of the protocol, accession thereto, and its entry into force. Article 8 provides that the present protocol shall come into force in its entirety as soon as instruments of ratifications or notifications of accessions have been deposited on behalf of all the signatory governments. The deposit of ratifications, however, by at least three signatory governments will make binding on those governments and each other government which subsequently ratifies or accedes, those portions of the present protocol which do not provide for relaxation of restrictions contained in previous whaling agreements which are still in force. The ratification of or accession to the present protocol will not be effective for any government not a party to the 1937 agreement and the 1938 protocol until such government becomes a party to that agreement and protocol.

For the further information of the Senate, a copy of the report of the delegation of the United States to the International Whaling Conference held at London November 20, 21, 22, 23, and 26, 1945, is furnished herewith.

Respectfully submitted.

JAMES F. BYRNES.

## The Foreign Service

### Consular Offices

The American Consulate at Taipei (Taihoku), Taiwan (Formosa), was opened to the public on July 25.

According to an undated telegram from Göteborg, Sweden, received on July 24, 1946, the American Consulate there has been raised to the status of a Consulate General.

### Confirmations

On Aug. 2 the Senate confirmed the nomination of John G. Erhardt to be Envoy Extraordinary and Minister Plenipotentiary to Austria.

On July 31 the Senate confirmed the nomination of Louis G. Dreyfus, Jr., to be Envoy Extraordinary and Minister Plenipotentiary to Sweden.

## The Department

### Colonel Harris Elected President of Inter-American Institute and Foundation

Col. Arthur R. Harris, a career officer of the United States Army who formerly headed the Latin American, Military Attaché, and Foreign Liaison Sections of the War Department and has served as a military attaché in Mexico and Central and South America, has been elected president of both the Institute of Inter-American Affairs and the Inter-American Educational Foundation.

This announcement was made on August 1 by Spruille Braden, Assistant Secretary of State in charge of American republic affairs and chairman of the Boards of Directors of these Government corporations, on which Assistant Secretaries Benton, Clayton, and Russell are also represented. They were organized as part of the former Office of Inter-American Affairs and recently were placed directly under the Secretary of State.

Colonel Harris will assume his duties as common president of these corporations immediately and will administer the extensive health and sanitation, agricultural and educational programs they conduct in the other American republics. These cooperative programs are carried out by small field parties of United States technicians, working in close collaboration with government experts of these neighboring countries. By demonstrating the use of the best practices and techniques in the solution of basic health, sanitation, agricultural, and educational problems they contribute tangibly to raising living standards and improving the general welfare. In discharging his important functions Colonel Harris will maintain close liaison with Public Health, Agriculture, and Educational Ministries of the other American republics.

The new head of the Institute and the Foundation is a West Point graduate and served as an officer in France during World War I. He has a friendly understanding of the problems of Latin American countries based upon long study and personal acquaintance with government and civic

leaders there and upon his own observations during years of living and traveling in the nations to the south.

During World War II he helped to cement the unity of the Americas by special missions to the other hemisphere republics, as well as by his services as a military attaché. He held the wartime rank of Brigadier General.

Colonel Harris made it clear that his election will bring no change in the objectives of the programs for which he now is responsible.

"I have been a close observer of the work of The Institute of Inter-American Affairs and the Inter-American Educational Foundation since they were created about three years ago," he said. "Their programs, planned and carried out on a cooperative basis, are examples of the good-neighbor policy in action. By contributing through mutual collaboration to the improvement of living standards in the Americas, they take that policy directly to the people."

"During the war, when the other Americas helped us to set up vital defense bases and worked to supply us with some 60 strategic materials, we realized better than we ever had before what inter-American understanding and cooperation means. We need that cooperation and understanding just as much today, in meeting our common peacetime problems."

"I have always welcomed assignments that have taken me to the other American republics. Naturally, I am delighted now at the opportunity to become identified with the administration and direction of programs which mean so much to the development of our traditional hemisphere unity. I look forward to this job as a further opportunity to work for the type of sincere friendship toward the United States that I have encountered during the years I have been privileged to serve my country in the other Americas."

### Appointment of Officers

*Colonel Eddy as Special Assistant in Charge of Research and Intelligence*

Acting Secretary of State Acheson announces the appointment of Col. William A. Eddy to be Special Assistant to the Secretary of State in charge of research and intelligence, succeeding William L. Langer, who resigned effective July 19, 1946 in order to carry out a previous com-

ment which he had with the Rockefeller Foundation. Colonel Eddy assumed his duties on August 1.

Colonel Eddy has had a distinguished record of service on behalf of this Government on several occasions and until recently has been American Minister to Saudi Arabia.

Clair Wilcox as Acting Deputy to the Assistant Secretary for economic affairs, effective July 25.

Frank W. Fetter as Acting Director of the Office of Financial and Development Policy, effective July 17.

James W. Swihart as Special Assistant, Office of Public Affairs, effective July 1.

George J. Haering as Chief of the Visa Division, effective July 1.

## The Congress

Interchange of Persons, Knowledge, and Skills Between the People of the United States and the Peoples of Other Countries. S. Rept. 1730, 79th Cong., to accompany S. 2432. 2 pp. [Favorable report.]

Interchange of Knowledge and Skills Between the People of the United States and Peoples of Other Countries: Hearings Before the Committee on Foreign Affairs, House of Representatives, Seventy-ninth Congress, first and second sessions, on H.R. 4368, a bill to extend and broaden the existing programs for the interchange of persons, knowledge, and skills between the people of the United States and the peoples of other countries, October 16, 17, 18, 19, 23, and 24, 1945, and on H.R. 4982, a bill to enable the Department of State more effectively to carry out its responsibilities in the foreign field by means of (a) public dissemination abroad of information about the United States, its people, and its policies, and (b) promotion of the interchange of persons, knowledge, and skills between the people of the United States and the peoples of other countries, May 14, 1946. iv, 216 pp.

Reorganization of the Foreign Service. S. Rept. 1731, 79th Cong., to accompany S. 2451. 10 pp. [Favorable report.]

Providing for Membership and Participation by the United States in the United Nations Educational, Scientific, and Cultural Organization, and Authorizing an Appropriation Therefor. H. Rept. 2636, 79th Cong., to accompany H.J. Res. 305. 2 pp. [Favorable report.]

Acceptance of Certain Decorations From Foreign Governments. H. Rept. 2632, 79th Cong., to accompany H.J. Res. 387. 2 pp. [Favorable report.]

Disposition of Surplus Property Abroad. H. Rept. 2546, 79th Cong., to accompany S. 1636. 11 pp. [Favorable report.]

Providing That Nationals of the United States Shall Not Lose Their Nationality by Reason of Voting Under

Legal Compulsion in a Foreign State. S. Rept. 1742, 79th Cong., to accompany H.R. 434. 2 pp. [Favorable report.]

Amending the Immigration Act of February 5, 1917, As Amended. H. Rept. 2560, 79th Cong., to accompany H.R. 6996. 6 pp. [Favorable report.]

Amending the Nationality Act of 1940 To Preserve the Nationality of Citizens Residing Abroad. H. Rept. 2559, 79th Cong., to accompany H.R. 6995. 3 pp. [Favorable report.]

Establishing the Office of Under Secretary of State for Economic Affairs. S. Rept. 1824, 79th Cong., to accompany H.R. 6646. 2 pp. [Favorable report.]

Third Deficiency Appropriation Bill for 1946: Hearings Before the Subcommittee of the Committee on Appropriations, House of Representatives, Seventy-ninth Congress, second session, on the Third Deficiency Appropriation Bill for 1946. ii, 857 pp. [Indexed.]

Wartime Petroleum Policy Under the Petroleum Administration for War: Hearings Before a Special Committee Investigating Petroleum Resources, United States Senate, Seventy-ninth Congress, first session, pursuant to S. Res. 36 (Extending S. Res. 253, 78th Congress), a resolution providing for an investigation with respect to petroleum resources in relation to the national welfare, November 28, 29, and 30, 1945. iv, 280 pp. [Indexed.]

Government Corporations Appropriation Bill for 1947: Hearings Before the Subcommittee of the Committee on Appropriations, United States Senate, Seventy-Ninth Congress, second session, on H.R. 6777, an act making appropriations for Government corporations and independent agencies for the fiscal year ending June 30, 1947, and for other purposes. ii, 303 pp. [Indexed.]

## Publications

### UNRRA

UNRRA has announced the publication of *A Compilation of the Resolutions on Policy, Third and Fourth Sessions of the UNRRA Council*. Included in this volume are the resolutions on policy adopted by the Third and Fourth Sessions of the Council, together with a number of related documents, including the agreement establishing the United Nations Relief and Rehabilitation Administration.

Resolutions 1 through 41, adopted at Atlantic City, 1943, appeared in the volume entitled *First Session of the Council of the United Nations Relief and Rehabilitation Administration—Selected Documents*.

Resolutions 42 through 61, adopted at the Second Session in Montreal in 1944, have been brought together with resolutions adopted at the First Session in Atlantic City in 1943 in one volume entitled *A Compilation of the Resolutions on Policy, First and Second Sessions of the UNRRA Council*.

Resolutions 62 through 93, adopted at London in 1945 and Atlantic City in 1946, are brought together in this volume, which becomes volume 3 of this series.

## Training Announcements

### CLERICAL TRAINING OPPORTUNITIES; AUGUST 19-30

The Division of Training Services is now receiving registrations for August classes. The purpose of these classes is to improve work-performance and to prepare employees for greater responsibility within the Department.

Each registrant must have the approval of his supervisor or administrative officer. To register for classes or to secure further information call Miss Katherine Wilkey or Mr. Ralph S. Rowland on extension 2122 or 2742. The classes will meet daily in room 50, Main State Department Building. A new class starts each Monday.

*State Department Correspondence*—2 weeks

Time: 9-10:30, starting Aug. 19  
11-12:30, starting Aug. 26

Prerequisite: Proficiency in typewriting  
Instructor: Miss Eoline Howze

*Shorthand 1*—5-5:45 for 4 weeks

Prerequisite: Previous training in Gregg shorthand

Instructor: Miss Marian Harlin  
*Shorthand 2*—1:10-1:55 for 4 weeks

Prerequisite: Ability to take dictation at 80 w.p.m.

Instructor: Miss Marian Harlin  
*Shorthand 3*—3-3:45 for 4 weeks

Prerequisite: Ability to take dictation at 100 w.p.m.

Instructor: Miss Fairah Cruzan  
*Typewriting 1*—4-4:45 for 4 weeks

Prerequisite: Previous training in touch typewriting

Instructor: Miss Fairah Cruzan  
*Typewriting 2*—2:05-2:50 for 4 weeks

Prerequisite: Ability to type accurately at 50 w.p.m.

Instructor: Miss Marian Harlin

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The texts of the agreed and unagreed articles of the draft treaties with Italy, Bulgaria, Rumania, Hungary, and Finland as drafted by the Council of Foreign Ministers will appear in a supplement to a forthcoming issue of the *Bulletin*.